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INDIGENOUS AND NONINDIGENOUS ENTREPRENEURS IN
BOTSWANA: HISTORICAL, CULTURAL AND EDUCATIONAL
FACTORS IN THEIR EMERGENCE

A Dissertation Presented

By

ELVYN JONES-DUBE

Submitted to the Graduate School of the
University of Massachusetts in partial fulfillment
of the requirements for the degree of

DOCTOR OF EDUCATION

May 1984

School of Education

INDIGENOUS AND NONINDIGENOUS ENTREPRENEURS IN
BOTSWANA: HISTORICAL, CULTURAL AND EDUCATIONAL
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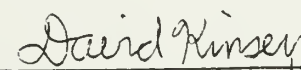
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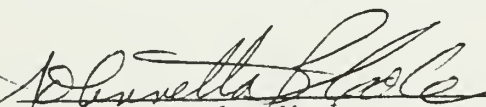
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This is one of the first empirical studies into indigenous entrepreneurship in Botswana. As such it was an undertaking in which many people besides myself have played a part. It is not possible to list the names of all those who helped in the completion of the document and so this acknowledgement can give credit to only a few.

The research would have been virtually impossible to complete without a research grant from the Ford Foundation for which I am grateful.

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For the typing of the final manuscript I am indebted to Susan Parker without whose assistance this dissertation would truly not have been completed.

The dissertation is dedicated to Alfred and Nyaladzi, my husband and son who tolerated the disruption of family routine and who loved me anyway.

ABSTRACT

Indigenous and Nonindigenous Entrepreneurs in Botswana: Historical, Cultural and Educational Factors in Their Emergence

May 1984

Elvyn Jones-Dube, B.A., Lincoln

M.Ed., Texas Southern, Ed.D., University of Massachusetts

Directed by: Professor David R. Evans

A descriptive study which examines the contextual environment of the indigenous entrepreneur in Botswana, the formal small-scale business community and the training and non-training needs of this subgroup of adults needing assistance in business promotion. Data was collected on a sample of 158 businesses situated in six towns and villages throughout Botswana. Several kinds of data were used including information from questionnaires, interviews, government statistics and published secondary sources.

The study is divided into four parts. Part I includes a review of literature pertaining to the concept of the "entrepreneur," theories of entrepreneurial supply and demand, and the relevance of these theories to entrepreneurial development in Botswana. Part II includes a description of the changing social, political and economic context in which the study takes place, and a discussion of the development of trade and entrepreneurial activity in Botswana. Part III consists of a discussion of the theoretical context of the study, methodology, characteristics of the sample population, and the findings of the study at

the group and individual levels. Part IV includes the conclusions and policy recommendations of the study.

The findings of the study indicate that indigenous entrepreneurs have higher than average educational levels and have had previous work experiences which have facilitated their business activity. Indigenous entrepreneurs have underutilized business management training and technical assistance opportunities made available by government and are generally hampered in the development and promotion of their business activities due to variables unrelated to training.

PREFACE

In the spring of 1977, while a graduate student at the Center for International Education, University of Massachusetts, USA, I obtained a field placement as Research Associate to the Non-formal Education Project in Koforidua, Ghana where my job was to conduct training and implement an evaluation of the project. Having previously served as a Peace Corps volunteer in several rural parts of Botswana, Southern Africa, I was immediately struck by the contrast of abundant entrepreneurial activity among Ghanaians compared to almost total lack of same in Botswana.

Why there should be such an abundance of what appeared to be indigenous entrepreneurial activity piqued my curiosity and some time later I decided to conduct a study into some aspect of the situation in Botswana. The primary questions at that time were why Botswana's trade and commercial sectors appeared to be dominated by non-Africans so many years after Independence, whereas in other east and west African countries this was very much less so the case.

The first opportunity for the beginning of a literature review occurred upon my return to the United States in January 1980 when I broached the subject of an investigation into the problems facing female entrepreneurs in Botswana with Dr. David Evans. Dr. Evans felt this was too narrow a topic especially in light of the paucity of information about the entire population of entrepreneurs, both male and

female, in Botswana. Nevertheless, I began thinking through the problems entailed in an investigation into entrepreneurship in Botswana and decided to gather enough initial information on which to base a proposal. One of the major obstacles to moving ahead on the study at the time was my residence in Belgium, a French-speaking country where no English library of the sort I needed was available. Fortunately, I moved to London shortly thereafter, and gained access to the University of London and the School of Oriental and African Studies libraries. The next few months were spent locating and reading materials relevant to my investigation and formulating a proposal.

In 1981 I returned to Botswana. Since that time it has been possible to gather additional information completed in the last two years related to the problems and factors affecting entrepreneurship in Botswana. I have also had the opportunity to observe and talk to a great many people who are engaged in business and others who are interested in the topic to find out the various views on the subject. During this period I was also fortunate to be the recipient of a Ford Foundation Research Fellowship which has enabled me to complete the research.

The African Trader's Complaint

I was a humble clerk
They told me I was stupid
And that my laziness
Made me prefer to sit
All day and push a pen;
I bore the insult bravely
And planned to break the chain
That tied me to the table.

I broke the chain one day
And took to petty trading
Fair Fortune smiled on me
And my business expanded;
I tried my hand at exports
But monopolies frowned,
Once more they played me down.

Big Business never Loves . . .
Like tyrant western ranchers . . .
The bold determined nester;
You must become their clerk
Or buy your goods from them;
This is the burden I bear.
Would you insist I'm lazy
Because I am an African?

Dennis C. Osadebay
(From Poems from Black Africa,
Ed., Langston Hughes, Bloomington:
Indiana University Press, 1963,
p. 100).

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CHAPTER I

INTRODUCTION TO THE STUDY

Botswana is a country in southern Africa which, like many other developing countries in the Third World, is attempting to develop both its commercial and industrial capacities. It faces an array of constraints in its endeavors to develop, one of which is the small number of indigenous entrepreneurs who are able to play a major role in the promotion and expansion of small scale enterprises. The problem of assisting the development of indigenous entrepreneurship in Botswana is of considerable importance to governments and individuals in developing countries and is the subject of the present study.

Context of the Study

The government of Botswana is committed to the development of indigenous entrepreneurship in order to increase the numbers of Botswana who play an active role in the country's commercial and industrial expansion.¹ However, there are a number of constraints which affect the development of Botswana's economy and also the development of indigenous entrepreneurship.

Botswana faces at least five major constraints which affect national economic development and development of indigenous entrepreneurship. These constraints exist at the transnational, environmental, governmental and ministerial levels as well as within the subgroup of the population which constitutes indigenous entrepreneurs.

In the first instance, Botswana is dependent upon and at times victim to the more developed economies of her neighbor states, the Republic of South Africa and Zimbabwe, both of which have much longer and more prosperous histories of commercial and industrial growth. Second, certain geographic, historical and cultural factors which will be discussed at length in the thesis have also mediated against Botswana's economic growth. Thirdly, government policies, many of which have their roots in Botswana's colonial past, have had a less than positive affect on the development of the economy and indigenous entrepreneurship. Fourth, extension agencies created to service the small numbers of entrepreneurs face serious problems in their ability to execute educational and technical assistance programs. Lastly, the attitudes and practices of many indigenous entrepreneurs hamper their ability to play a meaningful role in the developing economy of Botswana.

The significance of entrepreneurship for Botswana's economic growth.

For many years both before and after Independence, capital was a crucial bottleneck in Botswana's economic growth. However, partly due to increased revenues from mining, more realistic lending policies by national development banks and commercial houses and abundant foreign aid, this situation shows signs of improving. Like other countries which have gone through similar periods, Botswana is facing a situation wherein capital is available and vainly seeking viable private projects in which to invest. The 1979-85 Development Plan alludes to this problem of excess liquidity, ". . . excess liquidity does create problems for the banking sector and may represent unused opportunities for financing

domestic private sector investment. In the long term the requirement is to stimulate the domestic economy and local entrepreneurs to generate more viable investment projects than can make up the available finance."²

When viable projects have been put forth by indigenous entrepreneurs government's response has been positive. At the same time however, there has also been a general cognizance of the constraints many of Botswana's indigenous entrepreneurs must face. In a speech delivered in Jwaneng by the Minister of Commerce and Industry, The Honorable M. P. K. Nwako, when he recently opened a bar and bottle store complex in one of Botswana's major mining towns, spoke to these problems:

The task of encouraging growth in the private sector is not an easy one. There are constraints which are often encountered by both government agents and business entrepreneurs alike. It is gratifying however, to find that in spite of difficulties posed by shortage of managerial skills and insufficient credit facilities local businessmen still strive to invest in businesses that require huge capital inputs.³

At present there are approximately 4,000 businesses in Botswana of which less than half are owned and operated by indigenous Batswana. Most of those which exist tend to be small affairs. Yet, few and small as they are, the situation and progress of these small enterprises raises questions which go to the heart of problems associated with social and economic change in Botswana. Like agents of government and international agencies, entrepreneurs are engaged in the business of gathering resources and adapting them productively to new situations. The problems that they encounter in the process of operating small scale businesses in an environment which is not particularly conducive

to their survival helps to draw attention to the realities of entrepreneurship in Botswana.

It is in the context of the difficulties and apparent lack of the requisite managerial and organizational skills needed to operate businesses that the need for a study of entrepreneurship and an investigation of educational needs of Botswana's indigenous entrepreneurs becomes clearer.

The entrepreneurial role in society. Prior to World War II it was generally accepted among economists that economic growth in a given country was dependent upon certain preconditions which must exist before economic take-off could begin.⁴ These factors are generally stated in economic terms such as capital, savings, credit, physical infrastructure, etc. Depending on the era in which this type of analysis has taken place, other crucial factors have been identified as the single most important factor in the economic growth equation such as technical assistance, ideological fervor, natural resources, government organizations, motives and attitudes and capital.

After World War II, the emphasis shifted to the key role played by decision-making innovators, particularly those in industry, or in a word, entrepreneurs. This shift was due in part to the results of empirical studies suggesting that increases in the supply of capital explain no more than a fraction of growth in income per capita or in productivity per man. Robert Solow, for example indicated on the basis of U.S. data from 1901-1949 that "Gross output per man-hour doubled over the interval, with 87 1/2 percent of the increase attributable to tech-

nical change and the remaining 12 1/2 percent to increase in the use of capital."⁵ However, the residual factor in growth, as identified by economists is a term, which at its inception, was one with which people were unfamiliar, that is, "technical change." Joseph Schumpeter, considered to be the major contributor to the theory of economic development in the first half of the twentieth century, attributed novel ways of doing things (i.e., innovations responsible for technical change) to the entrepreneur. And even later, the entrepreneur was identified by some to be the central figure in modern economic history.

Solow's study had important implications for economic theories of development which up to that time had concluded that economic growth was contingent on the factors of production alone. Solow's research lent weight to the idea that increases in productivity stem mainly from improvements in the combination, organization and coordination of inputs, attributable by most definitions to the entrepreneur rather than to growth in the quantity of inputs. The precise contribution of the entrepreneur cannot, however, be gauged in terms which make his actual contribution clear. There are no definitive measures, conceptualizations or theories as to what an entrepreneur is and does. The fact remains however, that the entrepreneur in any society is seen as a single factor in the economic growth equation whose influence, albeit not totally identified, makes this phenomenon a continued subject of research and study.

In developing countries, organizational and managerial skills are considered to be crucial bottlenecks to entrepreneurial development.

Without such skills indigenous entrepreneurs are unable to take advantage of opportunities or to advance technical change which Solow concluded was more important than capital inputs. As a result, many development economists agree that the major obstacle to economic development in developing countries is not so much the shortage of capital as a lack of ability to absorb capital into their economies, resulting in part from the shortage of skill and knowledge needed to mobilize, organize and coordinate capital and other resources of production.

The crucial role of entrepreneurs, the productive resource which coordinates and organizes the others, is indicated by the still pertinent observation made by W. Arthur Lewis:

To lend money to entrepreneurs who lack managerial capacity is merely to throw it down the drain. . . . The main deficiency of local enterprise is not capital, but knowledge and experience.⁶

Unlike all other resources of production which can for the most part be substituted one for the other, entrepreneurial capacity is a complementary factor. The more capital, labor, and natural resources a firm has, the more entrepreneurial resources are required to combine these productive factors.

It should be clear then that for developing countries which have chosen the capitalist path, it is important to promote and develop the entrepreneurial capacities of indigenous entrepreneurs. This is necessary on the one hand to facilitate their participation in the development of the national economy, and on the other, to gain their active support and energy in the development of the nation as a whole.

The development of entrepreneurship in Botswana. Engaging in business activity is a fairly new occupational option in Botswana. Prior to Independence very few indigenous Batswana were in business for themselves. This was partly due to a combination of cultural and historical factors which will be discussed later. For the few who did enter into business enterprises, capital was not as much of a problem as were the lack of business skills and being without the invaluable business networks long developed and maintained by their European and Asian counterparts. For the majority of Batswana however, few seriously considered going into business, especially when cattle and agriculture were the areas of their primary interest and the natural resources into which much of their income, spare time and expertise were invested. The commercial and industrial development of the nation were summarily abdicated to the Europeans and Asians resident in Botswana or South Africa.

Historically, indigenous entrepreneurship in Botswana had been negatively affected by the attitudes and values of the British colonial administrators. Records have shown that many of these officials were prejudiced against involvement in trade as a result of their socio-economic backgrounds. They were also dismally uninformed about development strategies evolving in other British colonial possessions around the world. They generally felt that Africans should be kept under control, tend their cattle and lands and leave commercial activity to Europeans. In Botswana this situation was exacerbated by the close relationship of the colonial officers and the white immigrants in and

from the Republic of South Africa, the development of which necessitated the subjugation of the African peoples throughout the region and the underdevelopment of their economies so that the South African industrial machine could have access to a steady, cheap source of labor. In essence, the indigenous Africans of southern Africa were to act as the labor pool which would build the South African economy as well as provide a ready market for the goods and services they had helped to produce in the Republic. In order to facilitate this process, the Africans were discouraged from becoming involved in business activity which was considered to be the domain of the Europeans in the region.

By the early sixties it had become clear that Botswana would gain its Independence from the British government. From 1963 onwards national Development Plans were produced which announced national policies and development objectives. An examination of Botswana's National Development Plans dating from 1963 show that the development of indigenous entrepreneurship was a matter of only secondary importance to government. Understandably, the government of the soon-to-be independent Botswana was much more concerned with drawing large amounts of capital investment into the country. The sources of this capital were mainly from South Africa and Europe and not from among indigenous entrepreneurs, much of whose capital was tied up in cattle and who were generally without the managerial skills necessary to initiate Botswana's economic development.

For the first ten years or so of Botswana's existence then, government policy towards development was to provide a lucrative and sta-

ble environment for outside investors. During the 1970-1975 Plan period however, government took steps to provide credit facilities, an extension service and a program designed to assist indigenous entrepreneurs interested in small scale manufacture. A cooperative movement was also started, the object of which was to help indigenous Batswana, many of whom had previously existed primarily in the barter system of exchange, make the transition to a cash economy and also to acquire experience in business activities.

Since the latter part of the 1970's indigenous entrepreneurs have grown in number and government's efforts to assist them, particularly in the establishment of small scale manufacture, have also increased. Some of the areas in which indigenous entrepreneurs continue to encounter difficulty include government regulations regarding trade, the efficiency and caliber of extension services, credit facilities which are reflective of the capital concentrations prevalent in Botswana and in many cases, the prevailing attitudes among indigenous Batswana towards business as an occupational activity.

Technical assistance and training of indigenous entrepreneurs. At present, there are three organizations which are largely responsible for transmitting business management training and technical assistance to indigenous entrepreneurs. These organizations are the Batswana Enterprises Development Unit (BEDU), the Institute of Development Management (IDM), and the Business Advisory Service (BAS). Of the three, only the Business Advisory Service concerns itself with the training and technical assistance needs of indigenous entrepreneurs engaged in trade. BEDU

caters primarily to indigenous entrepreneurs engaged in small scale manufacture such as textiles, carpentry, leather work, metal-work, handicrafts and others. Its clients are those who operate within the government sponsored and funded BEDU program and are given training and technical assistance in business by BEDU staff.

The Institute of Development Management was established to meet the training and research needs of mid-career and senior managers in the civil service units in Botswana, Lesotho and Swaziland. Although IDM is generally listed as an organization which caters to the training needs of indigenous entrepreneurs, the instruction it offers is really not suited to the indigenous entrepreneur whose educational levels are generally lower than senior managers in the civil service and for whom attendance at short courses of several weeks' duration is not a viable means of acquiring business management skills.

This short introduction to the context of the study has brought to the reader's attention a number of factors which related to the development and promotion of indigenous entrepreneurship in Botswana. It was suggested in the introduction that indigenous entrepreneurship is an important factor in the economic development of countries like Botswana which have chosen to follow the capitalist route in the journey to economic development. In economic systems of this type, indigenous entrepreneurs make a considerable contribution to development by spearheading the reorganization of the factors of production, introducing the larger society to innovations and assisting in the transition from traditional to modern society. In Botswana's case, this process has

been slow in developing as a result of a number of constraints which affect Botswana's overall economic development and the emergence of indigenous entrepreneurs in particular. Some of these constraints are related to historical, economic, cultural and organizational factors.

The government of Botswana is eager to have indigenous entrepreneurs take part in the economic development of the country. However, present indigenous entrepreneurs are at a disadvantage in comparison to other ethnic groups already engaged in business. Many indigenous Batswana, largely without any background in commerce, generally do not possess the skills, knowledge or experience to facilitate their business success. Further, although government recognizes the contrasts between the indigenous and nonindigenous entrepreneur, it is only able to assist in limited ways.

At present there is limited information about the formal sector indigenous entrepreneur in Botswana. Several reports about their situation have been produced in the last six years which have reported on some of the general problem areas affecting their business activities.⁷ These reports have shown that indigenous entrepreneurs have not been very successful in running small manufacturing firms under the BEDU umbrella, that they generally lack business management skills and experience in operating small businesses efficiently, that extension agencies created to assist them face organizational and personnel problems, and that some of the Tswana socio-cultural attitudes and practices have not been adapted easily to their business operations.

This study is the first which attempts to examine a series of

historical, cultural and educational factors which affect the emergence of indigenous entrepreneurs in Botswana. The importance of the research lies not only in the grouping of these factors into a single study, but also in the contribution it can make as a study on which new policies and action affecting the development and promotion of indigenous entrepreneurship can be based.

Purpose of the Study

The purpose of the study is to examine some of the historical, cultural and educational factors which affect indigenous entrepreneurship in Botswana. Several research questions have been formulated to facilitate this examination. The first relates to the small numbers of indigenous entrepreneurs in Botswana at the present time. The study attempts to examine this phenomenon from the perspective of historical, cultural and educational variables which may have been contributing factors to this situation.

The second research question refers to the apparent concentration of the indigenous entrepreneurs in the less lucrative areas of business in Botswana. As the study will show, the majority of those included in the survey are in a number of types of businesses which are secondary to economic development and which reap the least financial and occupational rewards for the entrepreneur. Answers will be sought from the historical, cultural and educational factors examined in the study.

Finally, the study also addresses the question of why growth in the numbers of indigenous entrepreneurs has been slow despite the fact

that Botswana has been independent for almost 20 years. Educational, cultural and historical factors which may have influenced this situation will be examined in the study.

Some emphasis will also be directed to the training of indigenous entrepreneurs in Botswana. The purpose for this emphasis will be to explore the extent to which training versus nontraining factors have had an impact on the emergence of indigenous entrepreneurs.

The format of the study is to provide a descriptive view of the indigenous entrepreneur in Botswana who functions in the formal sector small scale business community. The study presents considerable contextual data about the nature of the entrepreneur's background and makes suggestions as to the ways in which obstacles to the fuller participation of indigenous entrepreneurs may be facilitated.

In addition to providing descriptive data about entrepreneurs in Botswana, the study also sets out to provide other information about several secondary issues of importance to the question of developing entrepreneurship in Botswana. These include the socio-economic background of entrepreneurs, attitudes and motivations for engaging in business activity, entrepreneurs' perceptions about their businesses, entrepreneurs' perceptions as to whether ethnicity has an influence on the successful operation of businesses, the educational needs of entrepreneurs and the extent of their utilization of institutions created to cater to their training and technical assistance requirements.

The study will explore the desirability and potential for improving the present business management training and technical assistance

opportunities by examining the present levels of awareness of these services, and their usefulness to indigenous entrepreneurs.

The issue of ethnicity has received a considerable amount of attention in the present study. Although the study is primarily concerned with the development and promotion of indigenous entrepreneurship in Botswana, efforts have been made to include entrepreneurs of other racial and ethnic groups. To this end, the study contains information about indigenous Batswana, Asians, Europeans and non-Batswana African entrepreneurs. Taken together, this information has made it possible to compare and contrast attitudes, perceptions, socio-economic background, educational achievement levels, training and utilization of extension services of indigenous and nonindigenous entrepreneurs. Information has also been obtained about citizens and noncitizens who are engaged in business in Botswana.

Further, while the study specifically concerns itself with the training and extension services offered by the Business Advisory Service, Botswana Enterprises Development Unit and the Institute of Development Management, certain others have been included where it was though such inclusion would provide informative data. However, training offered by institutions in the private sector, training available through service to the public and that which focuses primarily on industrialization in rural areas has not been included. Formal education, such as university, technical, secondary and primary educational institutions have not been included.

Given the topic of the research it is anticipated that the study

will be consumed by more than one audience. The first audience includes government officials whose task it is to assist in the promotion of indigenous entrepreneurship in Botswana. This includes individuals in the Ministry of Commerce and Industry, the National Development Bank and other para-statal organizations which cater to entrepreneurs. The study will also be of interest to individuals who represent international organizations which provide training personnel, funding or technical assistance either directly or indirectly to indigenous entrepreneurs. The study should also be of interest to staff of educational institutions and trainers who interact with entrepreneurs, and finally, to the many indigenous entrepreneurs themselves, who over the last few years have taken an increased interest in the status of entrepreneurship in Botswana.

Elements of the Study

Sources of data. Three principle sources of data have been employed in the study. The first, a survey questionnaire, was administered to 158 entrepreneurs situated in six towns and villages. All but one of the areas sampled was situated along the line of rail in the eastern portion of the country and covered an area of about 500 kilometers. Entrepreneurs who were interviewed are all licensed by government and constitute part of the formal sector. The types of businesses owned by entrepreneurs who were interviewed by myself and two research assistants included the following: bottle store/bar, garment/leather/curtain manufacturers, small general dealers, general dealers, transport operators,

restaurant/cafe and butchery owners, and speciality type businesses. Data was collected during the period April 1 - July which is the winter season in Botswana, a period when many entrepreneurs were not engaged in agricultural activities. Interviewing was conducted in the language most comfortable to the business owner and included Setswana, Kalanga and English.

The second source of information about Botswana and her indigenous entrepreneurs came from a variety of written sources which are listed in the bibliography. A third source of information was interviews with officials at the Ministry of Commerce and Industry, Botswana Enterprises Development Unit, the Institute of Development Management, and others who have exhibited an interest in the question of indigenous entrepreneurship in Botswana.

Definitions. Listed below are a number of terms which are used throughout the study. Definitions of these terms are given below and are pertinent to the present study.

Business management training: the process whereby new knowledge, skills or techniques in the field of business management are transmitted or acquired by entrepreneurs.

Technical assistance: consists of the process whereby information pertaining to technical aspects of a business activity such as site selection, acquisition and maintenance of equipment or purchasing of stock, are transmitted to an entrepreneur by another individual.

Entrepreneur: an individual who organizes, manages and bears

the risk of a business or enterprise.

Indigenous: an individual of African descent who was born and bred in Botswana and who considers Botswana to be the country of origin.

Ministry of Commerce and Industry: this Ministry has portfolio responsibility for the promotion and regulation of industry and trade. The Ministry has industrial and commercial divisions and is responsible for the operation of the Botswana Enterprises Development Unit (BEDU).

Botswana Enterprises Development Unit (BEDU): is charged with establishing and supporting small scale industrial undertakings owned and operated by indigenous entrepreneurs.

Business Advisory Service (BAS): this is the successor to the Small Traders Extension Programme which originally offered services only to traders but was reorganized to service other types of business ventures as well. It provides training in record keeping and business management. Advice to entrepreneurs is given at the place of business using the actual business records as the principle teaching aids.

Partnership for Productivity: now subsumed under BAS, PFP concentrated on teaching record keeping and business management in Botswana's southern region. It was a nonprofit organization funded by USAID and sponsored by the Botswana Development Corporation.

Institute of Development Management (IDM): the Institute was

established in 1974 to help meet the training and research needs of mid-career and senior managers in Botswana, Lesotho and Swaziland. IDM courses provide knowledge and skills necessary to perform effectively in a particular function.

Limitations. A study of this kind runs the risk of attempting to provide answers to problems which are highly complex with innumerable variables and to which there are no specific answers or solutions. Studies such as the present one often make suggestions about policy and program reorganization which once implemented, fail to bring about the kinds of changes which result in immediate positive results. At best, this study will provide information and perceptions of a kind not previously gathered in Botswana. It is hoped that the results of the study, in so far as they identify the extent to which indigenous entrepreneurs can be assisted in improving their ability to operate small scale businesses, will prove useful to those responsible for commercial and industrial development in Botswana.

While attempting to be as broad-based as possible, there are a number of limitations inherent in the present study. First, a relatively small number of the total population of entrepreneurs, i.e. five percent, were included in the sample. This was primarily due to the absence of a sampling frame and the difficulty of obtaining up-to-date records about businesses in Botswana and the difficulties of actually locating many of the businesses which were initially drawn for the sample. Where possible, official statistics have been used to supplement

the study's findings. Another limitation is the difficulty of relating macro-level factors to micro-level factors, the implications of which can lead to over or under generalization at the analysis of findings level.

- A third limitation of the study was the small amount of literature which has been produced on the subject of indigenous entrepreneurship in Botswana. Much of the literature which has appeared was written during the period 1978 to 1981 and includes works of varying content, methodology and quality. A fourth limitation is the fact that much of the literature which has been presented in the study has been overtaken by events in Botswana. BEDU, for example, has been reorganized since the studies conducted by John Hunter; PFP has been incorporated into BAS; and the Report of the Presidential Commission on Economic Opportunity, a report which investigates indigenous participation in national development, was released in mid-1982. In essence, events are taking place at a very rapid rate in Botswana and a picture of the entrepreneurial question, like almost any other part of the economy is still in a state of flux.

The towns and villages chosen for the study were selected on the basis of size and proximity to the researcher and represent another limitation to the study. This limitation means that the findings underrepresent many of the small scale business owners who reside far from the line of rail. However, it is thought that those business owners who are at some distance from the line of rail are even more adversely affected by their lack of access to extension and other types of ser-

vices than those who are close to it, and that the findings will magnify their plight.

The lack of longitudinal data about the economic activities of business owners contacted during the study is an additional limitation. Such information would have provided a more accurate picture of the progress enterprises have made over time. Such information would have also made it possible to indicate more accurately the amount and kinds of impact training and technical assistance have had on businesses owned and operated by indigenous entrepreneurs, and would have allowed for more accurate decision-making on the part of those responsible for extension services for entrepreneurs.

Although the informal sector constitutes a considerable portion of those indigenous entrepreneurs engaged in businesses of all types, the present study has confined itself to an investigation of indigenous entrepreneurship within the formal sector. Partly as a result of government's emphasis on development of the rural areas, there has been a shift away from research activity in urban and semi-urban areas. This shift in research activity is welcome but continued investigation in areas such as those covered in the present study are still of importance in terms of design and implementation of extension programs which will affect all indigenous entrepreneurs in Botswana.

Organization of the Study

The study sets out to gather information of several distinct types. Chapters I and II consist of information of a descriptive na-

ture and concern themselves with the context of the study, the concept of the "entrepreneur," theories of entrepreneurial supply, and the relevance of these theories to the development of entrepreneurship in Botswana. Chapters III and IV include a description of the physical socio-cultural, political, historical and economic context of entrepreneurship in Botswana, and also discuss the growth of indigenous entrepreneurship, training options and technical assistance opportunities available to the indigenous entrepreneur. Chapter V includes a discussion of the model used in the study, the research methodology, and presents the basic characteristics of the sample. Chapters VI and VII present the findings of the study in relation to the influence of societal, group and individual level factors on indigenous entrepreneurship while Chapter VIII summarises the findings of the research in relation to the research questions posed in Chapter I, and makes recommendations for future research and presents the policy implications of the study.

End Notes

¹The name of the country is Botswana. People indigenous to Botswana are Batswana. An individual from Botswana is a Motswana. The major language spoken in Botswana is Setswana.

²National Development Plan 1979-85, Gaborone: Government Printer, 1979, 3/21.

³Speech delivered by the Honorable M. P. K. Nwako, Minister of Commerce and Industry, officially opening Diamond Pipe Bar and Bottle-store in Jwaneng on 8th May, 1982.

⁴W. W. Rostow, The Stages of Economic Growth, Cambridge: Cambridge University Press, 1968, pp. 6-7.

⁵Robert Solow, "Technical Change and the Aggregate Production Foundation," Review of Economics and Statistics, XXXIX (August 1957), p. 320.

⁶W. Arthur Lewis, "Aspects of Industrialization," Nigerian Trade Journal, II, No. 4 (October-December 1954), pp. 11-12.

⁷John Hunter, "Things Fall Apart: An Analysis of the PROBLEMS of Thirteen Small Batswana Firms," Institute of Development Management, Occasional Paper No. 3, May 1978, and "The Successful and the Unsuccessful Enterprise. An Analysis of Fifty Small Businessss Enterprises Supported by the Batswana Enterprises Development Unit," Prepared by Institute of Development Management for Batswana Enterprises Development Unit, Gaborone: Ministry of Commerce and Industry, June 1979; Robson Silitshena, "Trading and Settlement in the Kweneng District of Botswana," Paper prepared for the SSPC Conference on Land Tenure in Botswana, The University of Manchester, March, 1979; Cherly Larsen, "An Evaluation of the PFP/Botswana Business Advisory Service," Report prepared for PFP/Botswana, Gaborone: United States Agency for International Development, 1979; Sheila Leshwiti, "Entrepreneurship in the Southern District of Botswana: A Sociological Survey," Gaborone, 1979; also B. L. B. Mushonga, "African Small Scale Entrepreneurship with Special Reference to Botswana," National Institute of Development and Cultural Research, Working Paper No. 34, March, 1981.

C H A P T E R I I

THEORIES OF ENTREPRENEURIAL SUPPLY

Entrepreneurship as a concept was originally investigated in relation to economic development in Western Europe. As newer countries reached economic maturity and began emerging as economic competitors with older, more economically advanced countries, research into entrepreneurship shifted from the older to newer emergent nations. On reviewing part of the immense literature available in the field, studies of entrepreneurship, like other investigations into most of the social sciences, have tended to focus on only certain factors which affect the presence or absence of entrepreneurs and has resulted in a literature which is at times fragmentary, atomistic and culture bound. Predictably, the use of intra-disciplinary approaches to the study of an interdisciplinary problem is reflected in the theories which have emerged.

This chapter provides a brief overview of the development of the concept of the entrepreneur, a summary of several theories of entrepreneurial supply and a discussion of these theories in relation to entrepreneurial development in Botswana.

The first part of this chapter is an overview of the historical development of the concept of the entrepreneur. Over time, the notion of what and who an entrepreneur is has changed so considerably that the original only partially resembles present day reality. The second portion of the chapter presents an overview of several theories of entrepreneurial supply. The theoretical contributions come from three sources, namely, sociology, psychology, and economics. The review is

not meant to be exhaustive but is aimed at describing the theoretical basis upon which the model of this study is built. The final portion of the chapter examines entrepreneurial theories in relation to the development of entrepreneurship in Botswana and attempts to establish the extent to which these theories are useful in the present study.

The Entrepreneur in Orthodox Economic Thought

The man credited with the first mention of the term "entrepreneur" was Richard Cantillion, an Irishman living in France around 1730. Cantillion identified the entrepreneur as an individual who buys factor inputs at "certain" prices with a view to selling his products at "uncertain" prices in the future. By so doing, the entrepreneur bears a noninsurable risk which could result either in huge earnings or bankruptcy should the demand for the products being held become depressed.¹

Several decades later Jean Baptiste Say conceived a theory of distribution in which he described the entrepreneurial function in broader terms. He identified the entrepreneur as a key component of the economic process. For Say, the entrepreneur as the provider of capital for an enterprise was quite different from the capitalist due to the particular functions and remuneration he received as a result of his other abilities. The function of the entrepreneur was to direct the application of acquired knowledge to the production of a good for human consumption. To be successful, the entrepreneur needs the ability to estimate future demand, to determine the appropriate quantity and timing of inputs, to judge and calculate probable production costs and

selling prices, and to possess the art of superintendence and administration. Since all of these qualities were not commonly found in one individual, Say concludes that the number of successful entrepreneurs would always be limited, especially in industry.²

Despite the rise of capitalism in its most advanced form in England prior to the seventeenth century, few Englishmen wrote on the theory of entrepreneurship before the present century. Adam Smith, writing at the time of the American Revolution, makes a distinction between the "undertaker" (a translation of the French entrepreneur) or capitalist who manages his own capital and receives profit, and the inactive capitalist who receives interest. In later writing he does not make this distinction, referring to "three different orders of people;". . . those who live by rent, . . . those who live by wages, and . . . those who live by profits" (i.e., employers, who receive profits from capital stock).³

More recent writers have noted that Adam Smith did not have a clear notion of what an entrepreneur was nor of the role he played in economic development. Smith recognized the importance of the business class in English society, believing that each individual would unwittingly add to wealth and welfare by furthering his own selfish ends,⁴ but he did not put much emphasis on the entrepreneur as an individual within society. As a result, economists who adhered to the Smith model of economic development did not focus on the part played by the entrepreneur. Hence, the entrepreneur was largely left unnoticed and ignored in 17th century economic history. Nafzinger believes this over-

sight was also attributable to the intellectual thinking of the time which viewed economic relationships as being determined by natural law, thereby forestalling the development of the idea of a conscious agent, such as the entrepreneur, at the center of the economic process.⁵

Leon Walras, who wrote in the last part of the nineteenth century, designated the entrepreneur as the fourth factor of production, or the one who hires the others. To Walras, the entrepreneur acted as both the buyer of productive services and the seller of goods. Unlike the French economists who saw the entrepreneur as an "undertaker," the one who runs the firm, or the English economists who identified the entrepreneur with the capitalist, Walras postulated that the entrepreneur, in his role as a profit maximizer, is crucial in insuring that markets move toward an equilibrium. According to this theory of equilibrium, the entrepreneur enters branches of production which are profitable, thereby increasing output and eliminating profits (returns to the factors of production) and disengages from industries operating at a loss, consequently decreasing the output of certain goods which are no longer as profitable as before, and erases losses. By so doing, equilibrium is maintained throughout the industrial business cycle.⁶

Alfred Marshal viewed the influence of the entrepreneur on the economic development process as one wherein the entrepreneur performed special tasks of a management nature. The business undertakers, who bring together the capital and labor required for the work, arrange the general plan and superintend its minor details, may range from a highly skilled industrial worker (such as a foreman) to the top management of-

ficial of the firm. The entrepreneurs introduce improved methods and increase their earnings; copying by competitors results and thus leads to the earnings of the initial undertakers decreasing to their initial level.⁷

In Schumpeter's theory the entrepreneur is at the center of an integrated model of economic development incorporating a theory of profit and interest, a theory of business cycles, and a theory of the crisis of the capitalist system. The entrepreneur is an innovator (i.e. one who carries out new combinations). This innovation can appear in a number of forms: (a) the introduction of new goods; (b) the introduction of a new production function; (c) the opening of a new market; (d) the conquest of a new source of supply of materials; and (e) the carrying out of a new organization of an industry.⁸

In this model of economic process, Schumpeter introduced the entrepreneur as the innovator, someone, who by virtue of his motivation for money profits, introduces an innovation which in turn raises the marginal productivity of the various factors of production. These new innovations in turn bring about the creation of new physical plants and also the rise of a new class of leaders. New leaders replace older established but less flexible leaders, new factories replace older plants and the process continues each time there is a new wave of innovation.

According to Schumpeter, it was the entrepreneur who spearheaded innovations and in this he was different from the manager of a firm who ran it along well established lines. This type of entrepreneur, as Schumpeter described him, was the engineer of change, not its product.

He was not easily identified, and arose from all economic classes.

The main point here is that taken together with bank credit, savings, etc., innovations give rise to economic growth.¹⁰ While Schumpeter may have developed a theory which challenged all others before its time, certain thinkers have criticized Schumpeter and identified areas in which the business cycle theory is weak. This is particularly true in regard to non-Western economies where the Schumpeterian entrepreneur would have a very limited role due to insufficient bank credit facilities, low saving rates and the problem of transferring foreign technologies to traditional societies.¹¹

Marxist economists have not been very much concerned with the role and function of the entrepreneur in the process of economic development. To Karl Marx the central figure in the economic process was the capitalist, whose role arose as a result of his ownership of the factors of production and not from any activity or innovations generated by him. Although there is no direct mention of the entrepreneur, Marx gives the capitalist some of the characteristics usually attributed to the entrepreneur. Marx does distinguish between the money capitalist who is inactive and receives interest and the active or industrialist capitalist who receives that part of gross profit not paid as interest, namely "profits of enterprise." Unlike the inactive capitalist, the industrial or active capitalist was viewed with slightly less scorn than the former in that the latter, in cases where he coordinates labour in the process of production is himself a labourer. In instances such as these, he might not be accused of the exploitation of labour.¹²

Marx did not end his interpretation of the role of the active capitalist at this point however. Given the relationship between the direct producer, labour and the owner of the means of production, supervision takes on a character of exploitation of the worker, the labour of supervision takes an exploitative demeanor in that the supervisor derives profits from the task of supervision rather than wages for the fruits of his labour as supervisor.¹³

According to Nafzinger, both the Marxian theory of distribution and the English classical economic theorists shared the problems of failing to distinguish between interest and profits. Moreover, whereas Marx does differentiate between the active and inactive capitalist in ways similar to the differentiation between the entrepreneur and the capitalist as perceived by other economic theorists, he is not consistent in indicating whether the active capitalist has an essential function in the production process.¹⁴

Maurice Dobb, another writer in the Marxist tradition, wrote about the entrepreneurial function and was not negatively concerned about its existence. He acknowledges that any society with modern machine techniques and large numbers of workers must have some controlling and coordinating force which he identifies as the entrepreneurial function. The principal element of this function, he says, is the ability to make correct judgments about the future. For Dobb, the fundamental question was (not whether the entrepreneur was exploitative but rather) the most efficient social system within which the entrepreneur should be made to function. These systems consisted of classless in-

dividualism, with a large number of independent producers, communism where the entrepreneurial function would be performed by the State, or capitalism, under the control of a class of capitalist undertakers.¹⁵

According to Dobb, the capitalist, who is very often the same as the capitalist undertaker or entrepreneur, generally profits as a result of monopoly advantage. Dobb states that this does not necessarily have a negative effect on the economic process, as the galloping economic development of his time clearly indicates. The monopoly or advantage that the undertaker exploits, except that which is a result of inherent ability, is the result of greater opportunity available to the undertaker over other rivals. These greater opportunities he lists as (a) greater information; (b) superior access to training and education; (c) a lower discount of future earnings; (d) greater firm size and (e) agreements to restrict entry or output. All five are facilitated by the possession of position or wealth.¹⁶

In 1957 Paul A. Baran published a theory of economic growth based on Marxian principles which challenges many of the precepts laid down by western-oriented economists. On entrepreneurship in capitalist systems, his view is that the entrepreneur is not, as Schumpeter wrote earlier, at the very center of economic development. Instead, the entrepreneur, like the capitalist has benefitted from and taken advantage of the opportunities made available by the age of modern capitalism. Baran further points out that, to his view, the study of entrepreneurship by western scholars has been too racially and ideologically biased in favour of western economic development and character traits of the

Anglo-Saxon commonly referred to as the Protestant Ethic. The vast majority of the literature produced by western scholars about the phenomenon of the entrepreneur fails to explain why certain men of "genius" used their talents for the accumulation of capital and why the best way to accomplish this end happened to be investment in industrial enterprises.¹⁷

Baran challenges the notion that there is a shortage of entrepreneurs in developing countries. He declares instead that entrepreneurs have existed in superabundance in all societies for all time and that the difference lies in the manner in which the talents of "risk-taking, daring, imagination and frugality" have been employed. He concludes that students of entrepreneurship have been mistaken in concluding that there is a scarcity of entrepreneurial types in developing countries. The problems consist not so much in the inadequacy of its supply as in the use that is made of what is available under the prevailing social and economic order.¹⁸

This section of the study has presented an overview of historical and modern economic thought pertaining to the concept of the entrepreneur and his role and function in the economic development process. Peter Kilby has provided a comprehensive list of the major roles and functions of the entrepreneur. The list presents a picture of the various functions an entrepreneur is most likely to perform for the successful operation of a business enterprise. E. Wayne Nafzinger has taken the list a step further and grouped them according to the type of function they involve.¹⁹

Exchange relationships

1. Perception of market opportunities (novel or imitative)
2. Gaining command over scarce resources
3. Marketing of the product and responding to competition
4. Purchasing inputs

Political administration

5. Dealing with the public bureaucracy (concessions, licenses, taxes)
6. Management of human relations within the firm
7. Management of customer and supplier relations

Management control

8. Financial management
9. Production management (control by written records, supervision, coordinating input flows with orders, maintenance)

Technological

10. Acquiring and overseeing assembly of the factory
11. Industrial engineering (minimizing inputs with a given production process)
12. Upgrading processes and product quality
13. Introduction of a new production technique and product

Kilby notes that in the economist's model the entrepreneur is limited to carrying out only activities 1 and 2, the assumption being that the other functions can be purchased in the market place. The extent to which the activities can in reality be delegated to subordinates or other hired specialists depends on other factors such as the scale

of production, the degree of development of the high-level manpower market, social factors governing the amount of responsibility with which hired personnel will perform and the efficiency of the entrepreneur in utilizing high-cost managerial employees.²⁰

Kilby concludes that while there is a greater delegation of entrepreneurial functions in western economies, the overall effect of the last three factors limited the entrepreneur's ability to perform some or all of the number of activities performed by the entrepreneur to a maximum firm size of between 100 to 200 employees. Firms falling below this size, especially in developing countries, place even more demands upon the entrepreneur. In short, the entrepreneur has to perform the tasks himself.

Theories of Entrepreneurial Supply

One of the main problems with any study about entrepreneurship is the separation of factors which influence the presence or absence of entrepreneurs. The situation is clearly stated by Morris and Somerset:

The analysis of entrepreneurship is caught between the need to understand all the complex influences--economic, political, historical, social and psychological which combine to generate entrepreneurial behaviour, and the need to resolve these into general principles of action. It is drawn either to the comprehensive analysis of a unique instance, which cannot then be generalized, or to the analysis of the kind of supportive institutions whose success or failure cannot then be interpreted in isolation.²¹

This, then, is one of the problems encountered when approaching the various theories of entrepreneurial supply which follow. That is,

that theories of supply can do no more than provide some of the probable causes regarding the presence or absence of entrepreneurs in Botswana or, for that matter, any other setting. This is further complicated by the fact that the theories themselves have been developed within the confines of the disciplines of economics, sociology and psychology and not on an interdisciplinary basis and finally, that they have not been developed, on the whole, for situations pertaining to developing countries.

Sociological theories. Three sociological theories of entrepreneurial supply are presented in this section. The first is that of Max Weber whose theory of capitalist development characterized 19th century western European society as one which encouraged the pursuit of wealth and material possessions as a measure of an individual's worthiness for ascendancy into Heaven. The second theorist, Thomas Cochran, conducted research into entrepreneurship in Latin America. He concluded that Latin American entrepreneurs were more concerned about the social obligations than in fostering prosperous enterprises. Frank Young, the last theorist presented here, concerned himself with subgroups within society. These groups are of low status in the eyes of the general population, but have a greater range of resources than other groups in the society. He concluded that such groups eventually produce a significant number of entrepreneurs as a result of their desire to achieve stature within the society from which they are denied access.

Max Weber's theory of entrepreneurial supply was one of the first to appear. Weber was attempting to explain the emergence of the capi-

talist system in Western Europe in the latter half of the 19th century. The result of Weber's efforts was the Protestant Ethic,²² a socio-historical treatise on the revolutionary changes in the codes of conduct which encouraged capitalist activity. The root of this shift in social and religious ethics, Weber postulated, was to be found in the reinterpretation of Martin Luther's doctrine of predestination by John Calvin which goaded the faithful towards the pursuit of wealth. R. H. Tawney in his introduction to the Protestant Ethic sums up Weber's belief:

The pioneers of the modern economic order, were . . . parvenus, who elbowed their way to success in the teeth of the established aristocracy of land and commerce. The tonic that braced them for the conflict was a new conception of religion, which taught them to regard the pursuit of wealth as, not merely an advantage, but a duty. This conception welded into a disciplined force the still feeble bourgeoisie, heightened its energies, and cast a halo of sanctification round its convenient vices.²³

For Weber's newly emerged entrepreneurs the age-old conflict between money and piety was resolved and the qualities of Anglo-Saxon Protestantism (i.e. diligence, thrift, sobriety and prudence), coupled with capital, innovation and the factors of production became the most reliable passport to commercial prosperity on earth and to entrance into Heaven.²⁴ In order for the system to work properly, Weber stated that these same critical characteristics of the entrepreneur must also be present in the larger society and be sanctioned by the community in general.²⁵

Another sociological theory of entrepreneurial supply is that of Thomas Cochran who theorized that, based on his research in Latin Amer-

ica, the inner character of entrepreneurs was largely conditioned by the type of child-rearing and schooling common to the culture. The basic elements in his model are cultural values, role expectations and social sanctions, all of which not only influence the entrepreneur but also dictate the ways in which the entrepreneur will behave in certain situations.

Two aspects of Cochran's research set it apart from some of the other theories of entrepreneurial supply discussed in this section. The first aspect is that Cochran's research into entrepreneurial activity and supply was conducted during a period when economic forces in developed countries made it necessary to know more about the process of economic development in newer, emerging countries. The second aspect is that in his investigation of entrepreneurial supply in Latin America, Cochran compared and contrasted the differences between entrepreneurs from the United States and Latin America and concluded that, unlike in the United States where entrepreneurs are expected to respond to and utilize opportunities to build and expand business activities, Latin Americans were found to be much more influenced by social sanctions and role expectations than their northern neighbors. In short, certain actions and beliefs which had little to do with entrepreneurship per se, were expected of the Latin American entrepreneur. Because the roots and reasons for entering business were significantly different between the two groups, different approaches and responses to business were taken by the American and Latin American entrepreneur because each was playing entrepreneurial roles which were society specific.

Due to this orientation, Cochran suggested that many opportunities to build and expand a business went unnoticed or underutilized by Latin American entrepreneurs who were more concerned with satisfying their societal obligations than in getting ahead in business.²⁶

Frank Young's theory of entrepreneurial supply vis-a-vis reactive subgroups examined a phenomenon which occurs in virtually all societies, and especially those in which certain groups are set apart from the host society. In this sense, Young's theory, like that of Everett Hagen which will be discussed shortly, is relevant to countries like Botswana, as far as an examination of minority groups is concerned, but is not very helpful in examining entrepreneurship among indigenous inhabitants in societies which are generally homogenous in character.

Young was concerned with intergroup relations and his theory is one in which change is based on society's incorporation of reactive groups. Like Cochran, Young did not put emphasis on personality factors but he differs with Cochran's focus on society-wide phenomenon and social values as determinants of entrepreneurial supply. Instead, he theorized that groups are reactive when two conditions coincide: first, low status recognition and denial of access to important social networks, and two, when it possesses a greater range of institutional resources than other groups in society at the same system-level. Contrary to Hagen's theory, which will be dealt with in the psychological section and which also focuses on subordinated groups, Young does not infer that there will be sequential changes in behavior over time.²⁷

Summary. Of the three theories of entrepreneurial supply pre-

sented here, all three differ significantly from the others. It is interesting to note, as evidenced from the particular social problems that each addresses (i.e. Weber, rise of capitalism and changes in social and religious ethics, Cochran's preoccupation with Latin American vs. U.S. entrepreneurs, and Young's concern about low status groups within societies), that entrepreneurship has been linked with the social phenomenon of their particular eras.

Of the three, Weber's is the most dated and appears to be the least helpful until the vital connection is made between the influence of economics and its impact on social systems. Once this connection is achieved, it is possible to employ some of the methods used by Weber, such as a thorough examination of the society in question, in order to arrive at answers to the question of entrepreneurial supply in a particular society.

Psychological theories. Four theories of entrepreneurial supply are reviewed in this section. The first is that of Joseph Schumpeter, who saw the entrepreneur as an individual whose genetic make-up drove him on to positions of power. The second is that of Everett Hagen whose theory of entrepreneurship focused on fallen elites in traditional societies. Hagen saw traditional societies as generally too rigid to foster the type of individual who could undertake entrepreneurial activity. The emergence of indigenous entrepreneurs could come about Hagen suggested, as a result of their need to reclaim prior status. The third theory of entrepreneurial supply comes from David McClelland who postulated that achievement motivation is responsible for the emergence

of entrepreneurs. While economic growth is in general influenced by factors such as the parents' child-rearing and marriage patterns, religious preferences and geographic origins, sufficient amounts of training in areas which contribute to economic growth could be made to compensate for low levels of need achievement in traditional societies. The last theory of entrepreneurial supply comes from John Kunkel and is behavioralist in orientation. Kunkel favors societal intervention in order to encourage the emergence of entrepreneurs.

Joseph Schumpeter, a major contributor to modern economic thought and a student in Austria at the time of publication of Weber's Protestant Ethic developed a flexible theory of economic development in which he does not attach any importance to social, cultural or religious factors. Instead, he saw entrepreneurs as economic leaders; as individuals who could get things done. These individuals, Schumpeter theorized, were driven by an atavistic will to power and could be found in any ethnically homogeneous population. Their special characteristics were their intuitional capacity to see things in a way which afterwards proved correct, energy of will and mind to overcome fixed habits of thought, and the capacity to withstand social opposition.²⁸

Peter Kilby sums up the earliest writers, Weber and Schumpeter this way:

. . . Schumpeter's central vision of the progress of economic development was much influenced by Weber's 1904 paper. In both theorists, the energized entrepreneur appears in the traditional economy and sets in motion a revolutionary process of creative destruction. The key to the competitive success for Weber's entrepreneur is his innovation in a thoroughgoing rationalization of every aspect of his enterprise. In Schumpeter's

scheme, the key is also innovation of a much bolder sort, including changing the basic technological and demand parameters of the economy.²⁹

Everett Hagen is an economist who postulated a psychological theory of entrepreneurial supply which rarely mentioned the usual economic preconditions of development. Like his predecessors, Hagen saw the process of economic development as one of technological change which was brought about by the "creative personalities" in society. Similar to Cochran, Hagen advanced the theory that traditional societies, because of their rigid authoritarian posture, could not, by definition, be expected to produce the dynamic individuals required to fill entrepreneurial positions. These "creative personalities" would have to possess high need for achievement, high need for autonomy and high need for a sense of natural ordered cycles in nature, which are the antithesis of most individuals socialized in traditional societies. The creative personalities who would emerge to fill the positions of entrepreneurs, Hagen suggested, would be those who had been part of a revered subgroup of the society but who, for some reason, had fallen from grace and become what Hagen described as a "fallen elite."

As can be seen from Hagen's schema presented below, the process which produces a group of "fallen elites" is an interesting one. On the one hand, there must first be a withdrawal of status from a subgroup which previously was held in esteem and respect which forces the affected group to perceive that their purposes and values in life are no longer respected by groups in the society whom they respect and whose esteem they value. "Social blockage" comes several generations

later and affects the children of those originally ostracized. Hagen stated that at some point in the social history of the affected subgroup (i.e. several generations), the most promising younger members are pushed forward by the older members to take on positions of high esteem and respectability and to reclaim the social position which had been theirs several generations earlier. According to Hagen, it is only after overcoming his anger against society that such an individual emerges a full fledged "creative personality" ready to enter the world of entrepreneurship.

Hagen's theory points up problems. Kilby³ questions whether Hagen's authoritarian-creative personality types approximate modal personalities in all traditional and modern societies. Second, Kilby has questioned Hagen's conclusion that there is an association between authoritarian personality and non-innovative behavior (see Figure 1). Moreover, in Tswana society "fallen elites" have chosen politics, large scale agriculture and cattle-rearing as occupations over involvement in business.

David C. McClelland was the author of what is probably one of the most well-known theories of entrepreneurship. McClelland's The Achieving Society set out to test the hypothesis that achievement motivation is in part responsible for economic growth. Like Weber, McClelland relied heavily on the influence of Protestantism to bring about economic development through achievement. Figure 2 shows how McClelland enlarged upon Weber's causal sequence producing entrepreneurial behavior.

For McClelland, the influence of the mother was pivotal in whe-

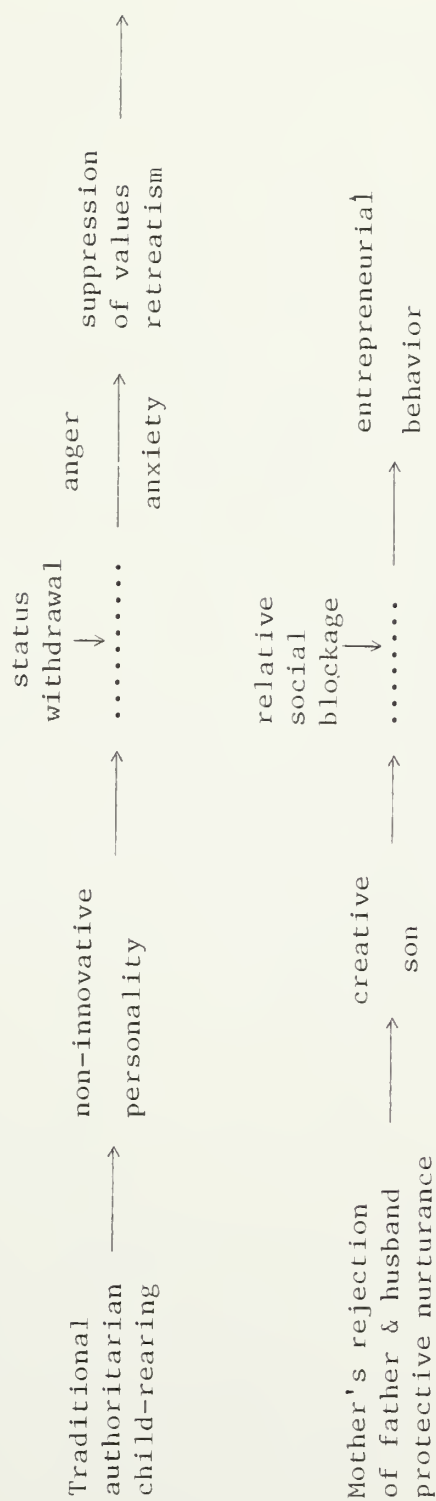


Figure 1. Hagen's Model of Entrepreneurial Supply

Weber



McClelland



Figure 2. Weber and McClelland Models of Entrepreneurial Supply

ther children grew up with high or low need for achievement. He ascribed the inculcation of the achievement motive to child-rearing practices which emphasized standards of excellence, independence of adults in decision-making, maternal warmth, and low father dominance. Achievement motivation, McClelland theorized, was formed during middle childhood and produced by "reasonably high standards of excellence imposed at a time when the son can attain them, a willingness to let him attain them without interference, and a real emotional pleasure in his achievements short of overprotection and indulgence."³²

There are three determinants of these aspects of the childhood relationship which McClelland identified as: the parent's religious world view, the father's occupation and the living arrangements within the household (i.e. slavery, polygamy, serial monogamy).³³ McClelland attached importance to but did not elaborate on what he called a high statistical association, unconnected with child-rearing practices, between need achievement and geographical location of potential entrepreneurs.

On the other hand, McClelland recognized the fact that not all individuals are likely to be socialized in ways which encourage need achievement. For these, he suggested considerable amounts of training which would achieve the same objective.

The fourth psychological theory to be presented here is John Kunkel's behavioralist model which also recommends interventionist action to produce larger numbers of entrepreneurs. In true behavioralist form, Kunkel holds the opinion that entrepreneurs are made, not born

and that it will only be through purposive manipulation of social structures and intervention at meaningful points that individuals can be moved through society to entrepreneurial behavior. He notes that alternatives based on sociological models which assume that entrepreneurial behavior is a function of personality or of values, are bound to fail because these elements are themselves aspects of behavior which play no role in explaining behavior nor in indicating the source of action for changing behaviors. Kunkel sees the most profitable action in changes in the structure of social incentives which attract more individuals into entrepreneurial pursuits.

Summary. Like the sociological theories, the psychological theories of entrepreneurial supply have emerged over an extended period of time and are reflective of the influences of capitalistic development at particular points in western economic development.

In Joseph Schumpeter's work, his primary concern, like Weber's was an acceptable explanation of the reorganization of economic factors and the functioning of society. Like Weber, Schumpeter was influenced by the thinking of the day and hence we find references to predestination and to the idea of self-determination which emphasized the development of the natural and inherent talents and skills of the individual. Schumpeter's notion of the characteristics of the entrepreneur are close to presently accepted beliefs and this is perhaps why he continues to influence modern day economic thought.

Everett Hagen and Frank Young have much in common in their theories of entrepreneurial supply in that they both conducted research in

Latin America, both saw child-rearing as an important factor in the question of entrepreneurial supply and both concentrated on the emergence of entrepreneurs in societies where many of the entrepreneurs have emerged from reactive subgroups. Unlike Young, however, Hagen inferred that there will be sequential changes in the behavior of members of the subgroup over a period of generations.

In the present context, Hagen's theory of entrepreneurial supply would appear to be applicable to those members of Tswana society who lost their traditional routes towards social mobility with the demise of the chief as a central power figure following Independence. As will be discussed later in the thesis, the reallocation of traditional authority to elected bodies and the introduction of the cash economy to Botswana has meant that the traditional routes to high social status no longer exist. If Hagen's theory is applicable to Tswana culture we would expect to find a considerable number of Botswana indigenous entrepreneurs coming from those groups which have been forced to make new career choices in order to achieve high social and financial status.

McClelland's theory of entrepreneurial supply relies heavily on Weber's Protestant ethic for the characteristics of the modern entrepreneur. High need achievement, a prerequisite for the successful entrepreneur can be promoted in the individual either through the child-rearing practices of the mother, or later in life through an intensive period of rehabilitative training which acts to instill in the individual the characteristics necessary to the entrepreneur.

John Kunkel's theory of entrepreneurial supply is singular in its

action-oriented recommendations which suggest major policy changes by governments interested in generating larger numbers of entrepreneurs from their societies. Of the four theories presented here, Kunkel's position is useful in the present study because it not only advocates the study of the society in which change is sought but also provides a useful theoretical model of the roots of entrepreneurial behavior and the direction in which meaningful action should be taken.

Economic theories. Two economic theories of entrepreneurial supply are reviewed in this section. In both cases, the theories have been generated by schools of thought rather than by individuals. In the first theory, the writers have taken the position that entrepreneurs can be expected to emerge when certain economic conditions have been met. If these conditions do not exist, then governments can take action at the highest levels to make adjustments within the economic system. The second economic theory of entrepreneurial supply is an outgrowth of and reaction to the first which takes the position that theories of entrepreneurial supply which rely upon pure economics are too rigid and fail to take into consideration the large number of variables which impinge on entrepreneurial supply and development.

Economic theories of entrepreneurial supply can generally be seen in the context of theories of economic development. Theories of economic development themselves arose in response to the need to explain economic events in the western-oriented developing world and in relation to the already developed capitalist nations. Tied closely to this need for new theories of economic development was the necessity of policies

with which to influence, and where possible, to direct the economic growth of the newer nations.

There are basically two schools of thought regarding capitalistic economic development. Some of the economists in the two schools have commented on the problem of entrepreneurial development in developed and developing countries. One such group, represented by people such as G. F. Papanek, and J. R. Harris³⁴ contend that it is economic variables which dictate the emergence of entrepreneurs in the sense that without the necessary incentives, entrepreneurs will not appear (with the exception of some subgroups or elite within a society who take advantage of available opportunities).

Other writers, some concerned with entrepreneurial development and others with the training which these entrepreneurs require, have listed some of the economic variables and incentives necessary to the emergence of large numbers of indigenous entrepreneurs. Staley and Morse³⁵ have compiled a listing of some of the economic variables which includes the following: basic good government (law enforcement, security of investment, stable and progressive leadership, and development of material foundations of the nation); an expanding economy; human resources development (availability of local people who have the energy, education, motivation and skill to push economic development forward in roles of entrepreneurs, technicians and skilled workers); natural resources development (provision of basic services and utilities such as transportation, telecommunications, water and power, as well as banking facilities, insurance, wholesale trade, construction and the installa-

tion and repair of equipment); laws, governmental regulations and administrative procedures which permit and encourage business activity which are necessary for modernization and growth.

Nafzinger lists other variables such as availability of bank loans, demands on business to pay minimum wages, trade union pressure, limited access to technology due to lack of personnel and programs to assist in the transfer of technology from abroad, too small markets and the perception among the business community that government officials are frequently indifferent, obstructionist, inefficient, discriminatory and corrupt in their dealings with the entrepreneur.³⁶

Beyond these points, lack of vigorous entrepreneurial response is seen as a function of market imperfections and inefficient policy making. The remedies for this include appropriate monetary and balance-of-payment policies, removal of market imperfections, stimulation of demand for local production by import tariffs or government purchasing programs, and supplementation of markets by providing complementary inputs on a subsidized basis.³⁷

A second group of economists takes another position. This group includes writers such as Peter Kilby, Albert Hirschman and Harvey Leibenstein who have written that there are other important variables to be considered in the emergence of entrepreneurs. Two of these variables are (a) the situation in which entrepreneurs in developing countries find themselves and (b) the range of social, historical, cultural and eco-political factors over which individual entrepreneurs and at times governments, have no control.

For the writers in this second group, the economists in the first group have produced a model of entrepreneurial supply which is problematic in that it gives an excessively narrow definition of the entrepreneurial function. This definition, say Kilby et al., is based upon implicit assumptions about the nature of a well-functioning economy. These assumptions are that factors of production possess a relatively high degree of mobility, that inputs and outputs are homogeneous; that producers, consumers and resource owners have knowledge of all the possibilities open to them; and that there are no significant indivisibilities. These assumptions fit nicely into an economic model but have little to do with reality. They suggest a situation in which risk and uncertainty are minimal; change is continuous and incremental, and the influence of social institutions is neutral. A situation which is closer to the reality of entrepreneurship in developing countries has been described by Kilby when he noted that,

When assumptions are relaxed and ignorance, heterogeneity (segmented market), impeded factor mobility, lumpiness, pervasive administrative controls, and input nonavailabilities are brought into the model, then the extraordinary qualities of the entrepreneurs and the possibility of their limited supply becomes apparent.³⁸

Summary. Two economic models which address the question of entrepreneurial supply have been posed in this section. In the first, economic variables are the factors which most influence the emergence of entrepreneurs. The second position acknowledges the fact that the economic situation of a particular country influences the extent to which an environment is suitable to encourage entrepreneurship, but also suggests that factors such as administrative controls and scarce

resources also contribute to the emergence or lack of entrepreneurs.

Of the two approaches to the question of entrepreneurial supply, the second approach is more relevant and pertinent to the present study.

Relevance of Supply Theories to Botswana

Nine theories of entrepreneurial supply were reviewed in the preceding section. Each has contributed to the present study by suggesting points of reference or ideas which help clarify the issue of emergence of indigenous entrepreneurs in a developing country such as Botswana.

First, Max Weber, writing almost a century ago, produced a sociological study of the rise of capitalism in western Europe. In his study, he examined the impact of the emerging economic system on the social and religious ethics of the period. Weber found that the rise of the new economic system coupled with a reinterpretation of Protestantism enabled the acquisitive and innovative spirit of western man, which until that time had been kept under control by a set of rigid principles, to achieve self-actualization. If what Weber found to be true of 19th century Europe can be applied to Botswana, then one might expect to find changes taking place in the society as a result of the rise of a new economic system and changes in the social system. In Botswana's case these changes have taken the form of transition from a barter to cash economy and from more to less influence of traditional authority figures. Ideally, the effect of these changes should be reflected in the number of indigenous Botswana entrepreneurs who arise

within the formal and informal sectors of the economy.

Cochran and Young wrote much later and addressed different questions than those addressed by Weber. Cochran's concern was the difference between Latin American and U.S. businessmen and the reasons for the former's underutilization or failure to recognise business opportunities. As a result of Cochran's research it has become accepted practice to make allowances for differing cultural and societal variables which have a considerable impact on the way in which entrepreneurs from different cultures react to economic opportunities.

Young investigated the emergence of entrepreneurs from sub-groups in non-American societies. He drew attention to the need for certain low status groups who lack social access but who have control of considerable resources to use these resources to their advantage. While it is possible that Young's theory could be employed in an investigation of the non-Setswana speaking tribes in Botswana and even more so to the European and Asian communities which have generally failed to integrate into the larger Tswana society and who do have large amounts of resources at their control, Tswana society does not really conform to the characteristics set out by Young's theory of entrepreneurial supply in developing countries.

From the group of psychological theories of entrepreneurial supply, Schumpeter, like Weber, was one of the earliest writers. Joseph Schumpeter's theory of business cycles included a discussion of the nature, characteristics and role of the entrepreneur in society. Schumpeter saw the entrepreneur as a fiercely individualistic personality

type who arose from all social classes and whose natural drives necessitated the acquisition of power and prestige. This theory indicates that an additional source of potential entrepreneurs in any society can come not only from the disaffected sub-groups referred to by other writers but also from all classes of a homogeneous society such as Botswana's.

Everett Hagen and his theory of fallen elites is an interesting one although not directly applicable to the majority of indigenous entrepreneurs who are the subject of this study. As with the Young theory discussed above, few of those individuals who could be described as fallen elites in Tswana society have turned to business as a means of recapturing lost status. Where Hagen's theory could possibly add significantly to the present body of knowledge would be in the areas of information about the non-Setswana speaking groups within the society, including the Asian and European communities.

David McClelland's theory of entrepreneurial supply examines the emergence of entrepreneurs from the perspective of need for achievement. McClelland concluded that in those countries in which need for achievement is high, the level of economic development also tends to be high. In those instances where need for achievement has not been fostered in the early stages of childhood, McClelland suggested that need for achievement could be promoted through appropriate training programs.

Of the five theories referred to so far, McClelland's is the first which makes specific reference to the value of training as a route to generating entrepreneurial behavior. The importance of training in the

context of producing larger numbers of entrepreneurs has become an accepted practice in many developed and developing countries, of which Botswana is not an exception. Although the benefits and results of training have been varied and uneven, it remains a recognized route for the promotion of entrepreneurial development.

Another psychological theory came from John Kunkel and is similar to both McClelland's and Weber's in respect to his advocacy for thorough study of societal level factors which have an impact on the emergence of indigenous entrepreneurs. Kunkel's research also resulted in a call for fundamental changes in government policies and the provision of incentives to encourage the emergence of indigenous entrepreneurs. In Botswana some aspects of Kunkel's research have been implemented including extensive investigation into income generating possibilities for the informal sector in rural areas, new proposals for the deregulation and expansion of the commercial and industrial sectors and the provision of financial assistance schemes and training. However, as with training opportunities, these opportunities have had varying results and outcomes.

Of the economic theories, the first which revolves around the assumptions of pure economics, is unacceptable for a setting such as Botswana where the number of intervening variables is large and unwieldy and the amount of control which can be exerted by government is often minimal. The second position discussed above and advanced by Kilby et al. has proven more appropriate given the constraints operating in Botswana. This second position recognizes that in addition to the purely economic variables there are also a number of social, political

and operational variables at other levels other than in economics which impinge on the emergence and development of indigenous entrepreneurship in developing countries.

Summary. Chapter II has presented nine of the more well known theories of entrepreneurial supply. From this set of theories it has been possible to establish from the literature what earlier writers have concluded to be the source of entrepreneurs (reactive subgroups, fallen elites, members of homogeneous societies, individuals with high need for achievement), their orientation towards business activity (cultural conditions affecting entrepreneurs in Northern vs. Southern Hemispheres vary radically), the importance of understanding the entire societal context of entrepreneurship, and the strategies which can be employed to encourage the production of larger numbers of indigenous entrepreneurs (government regulations and deregulating, restructuring and society and training opportunities).

One of the problems in taking advantage of the numerous theories of entrepreneurship is the fact that they are generally discipline-specific which at times makes them fragmentary, atomistic and culture-bound. The approach taken in this study has been to take a pragmatic approach which allows for the use of theories from a number of disciplines. In this way it will be possible to examine the many societal, group and individual level factors which affect the emergence of indigenous entrepreneurs in Botswana. To begin this investigation, Chapters III and IV will present some of the societal level factors which relate directly to entrepreneurial development in the Botswana context.

End Notes

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C H A P T E R I I I

ELEMENTS OF THE ENTREPRENEURIAL CONTEXT IN BOTSWANA

In Chapter II a review of the literature on theories of entrepreneurial supply indicated that the development of entrepreneurship in developed and developing countries has been investigated from sociological, psychological and economic perspectives. The findings from these investigations showed that there are a considerable number of variables and factors to be considered in any examination of entrepreneurial development. The literature indicated that there are a number of sources from which entrepreneurs can be expected to emerge, that their business orientations are likely to differ depending on their cultural background, that they are likely to display certain personality traits and that there are specific strategies which can be employed in order to increase the numbers of entrepreneurs who arise in any society.

In Chapters III and IV a closer examination of some of the societal factors which affect the emergence of indigenous entrepreneurs in Botswana will be undertaken. The Chapter consists of an overview of certain historical, physical, cultural, political and economic factors which are part of Botswana's background. The purpose for this overview is to familiarize the reader with the contextual situation of entrepreneurial development in preparation for the more detailed information which follows in later chapters.

Contextual Setting

Botswana is a large republic of 223,000 square miles situated at the center of the southern African Plateau. It rests at an altitude of 3,300 feet above sea-level and is land-locked. Formerly the Bechuana-land Protectorate, it is bordered by the Republic of South Africa, Namibia and the black-ruled nations of Zambia and Zimbabwe. Botswana is a multi-cultural and non-racialist society which runs its economy along western economic lines. The climate is continental and semiarid. Water is usually scarce. Despite its size, Botswana is one of the most sparsely populated countries in the world. This is partly a result of the fact that much of the western portion of the country consists of the Kalahari Desert.

Historically, Botswana has been viewed as a barren "native reserve" in between the former Rhodesia and the Republic of South Africa, where in both instances, climate, rainfall and capital have been more abundant. Botswana's principle role in the region has been to support her neighbors' economic development by providing labor, raw materials and markets for goods and services while she remained underdeveloped due to lack of infrastructure, capital, manpower and low technological capacity. As the pages to follow will show, Botswana's history, physical conditions, her traditional culture and the recent developments on the political and economic planes have not been until recently the most encouraging context within which an entrepreneurial class could develop.

Historical context. The historical events which surround Botswana's

history during the last one-hundred years can be viewed as a web of interests from an array of quarters representing international economics, geo-politics, land-hunger and a very real desire on the part of the Batswana to avoid being ruled by the South African government. The participants in the Bechuanaland Protectorate drama were the British government, the major chiefs of the Tswana (Khama, Bathoen and Sebele) and South African interests which wanted access to Botswana's lands and people for their exploitation.

Britain became involved in Bechuanaland as a result of two events which took place in the latter half of the nineteenth century. The first was the involvement of missionaries from the London Missionary Society, the notable Robert Moffat and later, his son-in-law, David Livingston. The second event was the Sand River Convention of 1872 at which time England recognized the independence of the Transvaal Boers from the Cape Colony. The Boers despised the work of the missionaries among the natives and desired to bring it to an end--preferably by establishing their own control over the Batswana. Livingston was vehemently against Boer control of Africans, having witnessed Boer and African relations to the South. To him--

The extension of Boer control threatened not merely the Bechuana with whom he had temporarily made his home, but the future of all the Native races to the North, and he began to urge the extension of British protection over these tribes on the two-fold ground of saving the Bechuana from dispossession and exploitation and of keeping open the road to the north, both for missionary effort and for trade.¹

Livingston's petitions were a voice in the wilderness. However,

twelve years after his death it became a political necessity that Britain take an interest in the matter.² In 1884, well-known as the period of the "Scramble for Africa," Germany's imperialistic activities in neighboring South-West Africa and further north in Tanganyika fostered the suspicion that she intended to move forward from South-West Africa and take control of the Cape to Cairo route herself. Britain preempted this move by declaring the area as within her sphere of influence and ultimately claimed most of the land up to the Zambezi River.³

The period following the scramble for African colonies was not a prosperous one for Britain and this was partly reflected in her desire to limit her financial responsibilities abroad. The outcome of this dilemma took the form of Britain's policy of 'indirect rule' which emphasized that colonies rather than the mother country should bear the expense of their own economic development. In short, Britain was reluctant to extend protection to the Tswana but the geo-political and economic consequences of not doing so forced her hand. Even so, it was made abundantly clear from the outset that Britain had no real interest in the territory and that a policy of benign neglect was to be pursued. The British High Commissioner wrote in 1885 that

We have no real interest in the country north of the Molopo except as a road to the interior; we might therefore confine ourselves for the present to preventing that part of the Protectorate being occupied by either filibusters or foreign powers, doing as little by way of administration or settlement as possible.⁴

Despite the administrative policies of the British, the Tswana chiefs were happy with having achieved Protectorate status which stopped

the Boer take-over of the territory for a time. The Tswana chiefs had never been on good terms with their European neighbors to the South and many years later Tshekedi Khama was still able to say that in regard to the Republic:

The Union has during forty-five years of rule not only failed to convince the Natives of the Protectorates that their future happiness and prosperity lies inside the Union, but it has also provided them with clear proofs to the contrary, namely that happiness and prosperity do not lie inside the Union.⁵

Until 1961 the status of the Bechuanaland Protectorate continued to lie in the balance. The British government felt that Botswana should ultimately become part of the Union of South Africa.

The disposition of the Bechuanaland Protectorate can be viewed from three perspectives. First, the Tswana chiefs had always been very clear that they did not wish to be incorporated into South Africa. The British, on the other hand, were willing to turn the Protectorate over to the South Africans if certain conditions affecting civil rights, the guarantees of inalienability of tribal lands and agreement of both the British Parliament and the Batswana inhabitants could be reached before such transfer took place. South Africa was eager to affect the transfer so that it could have access to African labor and natural resources to help boost its own economic development. However, when the Nationalist Party came to power in 1948 and its leader, Dr. Malan, introduced the "apartheid policy" and racist rule became the order of the day, the possibility of transfer became less and less likely. Interestingly enough, although the British government resisted South African pressure to hand over the territory, it remained uncommitted and optimistic that

the Union's social policy would take a liberal turn for the better. The question of transfer was finally settled when South Africa became an independent Republic in 1961 and was expelled from the Commonwealth, and also goes further to explain why the Bechuanaland Protectorate at Independence was less advanced than other colonial territories.

Commenting on Botswana's lack of development as a result of her colonial experience, it is generally accepted that the self-sufficiency of the Batswana was undermined because the British policy of "indirect rule" instituted a widespread need for cash income and helped make available mass-produced and imported consumer goods which forced people to seek laboring jobs in South Africa to pay their hut tax and to have cash available for other expenses. Chiefs also contributed to this practice by ordering residents to find cash to pay their taxes and to finance local self-help schemes such as building schools which the colonial administration would not finance.

In summary, because the British Government did not recognize political and economic development as an objective during its tenure:

Batswana received few of the benefits of 'modernizing' forces that could be pointed to in other territories. Investment in Bechuanaland was minimal throughout the colonial period, and the small number of regular jobs that were created were probably insufficient even to compensate for the decline in traditional sources of employment arising from the introduction of a cash economy open to imports from abroad. With the exception of expenditures upon veterinary disease control, and the construction of abattoir - both of which did much to protect the territory's export trade - the administration was not very active in improving the welfare of the African population. Progress where it occurred was mainly a result of tribal initiative on the basis of local resources.⁹¹

As in other British colonies, the development of a cadre of indigenous entrepreneurs was also impeded as a result of the colonial experience. British colonial officials, well-known for their negative attitude toward commerce, felt that this was an enclave most suitable for European exploitation from which Natives should be protected. The economic and political demands of South Africa demanded the development of the South African economy at the expense of all those peripheral to it.

Ethnographic factors. Today, Tswana society is in a state of transition. Traditional society and so-called modern society exist side by side. The events of the recent past have brought about a number of changes in the characteristics and distribution of the population. These changes will be summarized below.

Census data regarding Botswana's population has been unreliable until recently. The latest census, conducted in 1981 estimates Botswana's present population at 936,600. While 84 percent of the population lives in the rural areas compared to 90.5 percent in 1971, 16 percent of the population resides in urban areas compared to 9.5 percent in 1971.⁷

Urban centers are a relatively new phenomenon in Botswana. Yet, contrary to British colonial expectations, in the years since Independence in 1966, the towns have grown here at a faster rate than anywhere else in Africa. It has been projected that by 1984, 21 percent of Botswana's population will be town dwellers.⁸

Botswana's population has some other characteristic features

worth mentioning:

1. It is young (over half of the inhabitants are under 15 years of age).
2. It is mobile (migration inside as well as outside the country is high).
3. It has an imbalanced sex ratio (on a national level there are 84 males per 100 females).
4. The rate of growth is over 3% per annum.⁹

Taken together, the characteristics of Botswana's population show a young, mobile, fast growing population experiencing an intense rural-urban shift in distribution. Present population and development trends would seem to indicate that Botswana is fast approaching a state in its development wherein increasing numbers of new goods and services must be made available to its newer urban populations and for the rural areas where the effects of economic and social transition have also been felt. In this context, Botswana is an appropriate choice for an investigation of the encouragement, promotion and incentives provided for the introduction of larger numbers of indigenous entrepreneurs.

Climate as a factor in production and capital formation. In the review of literature it was suggested by the pure economists that the supply of entrepreneurs was affected by the ability of a society to marshall the factors of production as a function of capital formation. In Botswana's case, the major sources of revenue and expendible income come from agriculture, cattle-rearing and mining. Of these, the first two are the principle source of income for a considerable portion of Bo-

tswana's population and represent the most important sources of capital with which to finance business activity. However, given Botswana's geographic position in the Southern African Plateau, her ability to sustain high levels of productivity in agriculture and cattle-rearing is often affected by climate. In order to emphasize the importance of Botswana's climatic conditions on her productive capabilities, this factor is discussed below.

Although the entire country lies in the summer rainfall belt, the rains, normally beginning in October and ending in April, are a highly variable resource in Botswana. Since before Independence in 1966, Botswana had experienced several severe periods of drought which have had the overall effect of damaging an already fragile economy and disrupting production in her two major income earners, farming and cattle-rearing.

In Botswana, grain was and is the staple diet of most Batswana and a large percentage of the population engage in subsistence agriculture. For those who have access to the basic inputs and derive surplus, many use these earnings to start small businesses. However, a larger proportion of the population than is healthy no longer produces the agricultural surpluses of times gone by. According to the National Development Plan 1979-85, this situation has come about as a result of the government's neglect of agriculture, because many rural people do not engage in agriculture or do not possess the productive inputs necessary for farming.¹⁰ This state of affairs has resulted in a situation wherein Botswana's ability to feed herself has declined to the

the point where she is a heavy importer of foodstuffs.¹¹ At least one reason why people have stopped attempting to farm is a combination of the lack of irrigation and the lack of seasonal rains to make their efforts worthwhile.

Cattle rearing is another important source of income for Botswana. The revenue from the production of cattle is important for cultural as well as economic reasons. In the case of the former, far fewer people engage in cattle rearing than in crop production but even so, cattle in Botswana are an important aspect of Tswana culture. Prior to contact with European traders cattle were not sold in Tswana culture. Cattle represented instead what an investment portfolio would represent in western society. According to one writer, cattle were for the Tswana, ". . . a central measure of one's worth, self-esteem, and peace of mind."¹² Today, cattle continue to be highly important in Tswana society. In terms of sheer economic importance, the cattle industry began to evolve in Botswana from the time the European traders came to Botswana and exchanged cattle for goods. Later, the colonial administration encouraged the development of the industry in order to generate revenue to pay the expenses of administering the Protectorate. At present, cattle form a principle source of investment capital for those who have large herds. At the national level, cattle and their by-products are the number two income earner. However, the element of climate and its influence on the cattle industry has meant that the ravaging effects of drought years enables crippling diseases such as Foot and Mouth disease to set in and impinges on the ability of all but the

most wealthy to support cattle on a profitable scale and to reap the benefits at the abattoir.

The remaining principle source of income for Botswana is her mining industry. The existence of this sector is very important in contextual terms because, as the discussion on agriculture and cattle rearing has shown, these two sources of revenue would not, under present conditions, be sufficient to support a developing and expanding economy. Because of the income which has accrued from the exploitation of Botswana's minerals such as diamonds, coal and manganese, mining has helped to create an economic environment in which development projects are financed, employment is generated and demand is created for a range of goods and services obtainable from the enterprising entrepreneur.

The mining industry in Botswana is new. Prior to Independence there existed only the suspicion that Botswana possessed mineral deposits of great value¹³ and the colonial administration did not seriously consider the exploitation of minerals as a viable project.¹⁴ By 1963 it had been recognized that the country's mineral wealth was considerable and a viable economic risk. By 1979-80, mining contributed 34 per cent of the gross domestic product.¹⁵

Summary. The first portion of the chapter has shown that Botswana is a sparsely populated, land-locked country of limited resources. It has a high growth rate, and a largely young and rural population. The two major sources of subsistence and income are agriculture and cattle-rearing, both of which are adversely affected by the harsh climate.

Water supplies for humans, animal stock and agriculture have im-

proved considerably since Independence but the problem of providing sufficient amounts of water under the seemingly permanent drought conditions have not been solved. Predictably, the costs of water in Botswana are very high. The overall lack of surface water has had two major effects. First, this situation has meant that scarce resources originally intended for development projects are often diverted in order to provide for many of Botswana's urban and rural poor. A second outcome of the lack of surface water in Botswana has been the postponement of economic development in the commercial and industrial sectors, and especially in rural areas because of the high costs of infrastructural development and transportation of water. Mining is another principle source of income which has played a major role in making available more expendible income and indirectly boosted industrial and commercial activity. As the economy continues to expand the need for indigenous entrepreneurs will also increase as a function of the demand for new goods and services in the rural and urban areas.

Cultural Context

Cultural background has been identified as an important aspect of the study. Although there are any number of specific aspects of Tswana society and culture which could be examined in this section, only three major aspects will be examined here. These include the past and present routes to social mobility, settlement patterns and past and present divisions of labor and how these have been influenced by the modern economic system and concomitant changes in the social system,

both of which have had an impact on the development of entrepreneurship in Botswana.

As the social and cultural background of the Tswana are very different from that of the writer, the work of social anthropologists has been relied upon here to give a picture of the organization and function of Tswana society and culture.

Social rank and mobility. Traditional Tswana society was based on hierarchical order founded on the basis of rank, age and sex, the head of which was the chief who served as the link between the living and the dead. The order of rank of an individual was principally decided by his relationship to the chief. In Tswana society the various class ranks included nobles, commoners, foreigners and servants, each of which was internally divided according to seniority. Schapera wrote that:

The first two are generally regarded as "true" members of the tribe. Immigrants, especially not of Tswana stock, are, as it were, still on Probation, but, if they remain, ultimately become accepted as commoners. The class distinctions operate mainly in political life. The chiefship itself is confined to the senior family of nobles; the tribe's inner councils usually consist of select nobles and commoners; and although three classes participate in the general assemblies, immigrant speakers seldom command as much influence as others.¹⁶

Although the system of rank imposed a rigid order within which there appeared to be little room for social mobility, this was not absolutely so. The system did allow for those commoners of low rank who were loyal to the chief or helpful in other ways to rise in rank, usually by being made headmen in new wards. Men with exceptional personal

qualities, wealthy men and in more recent times, Church officers, teachers and others have also acquired "special authority, regardless of their hereditary status, and educated people in general play a prominent part in tribal affairs everywhere."¹⁷

In addition to distinctions based on rank the population was differentiated according to sex and age. As for sex, the male holds a favored position in Tswana society from birth to death. Based on anthropological research in 1978, Kunnie Kooijman basically repeats what Schapera had written so many years before:

There was a fundamental differentiation between males and females which made for differences in rights and duties and the activities which they were engaged in. Agriculture and domestic work were the responsibility of the women while cattle husbandry and the government of the village were the task of the men. The jural status of a woman was lower than that of a man and she always needed a man, either husband, father or brother to act as her guardian.¹⁸

The status of women in Tswana society is slowly changing. Today women have the same rights as men according to the constitution and law, but this has not changed in principle the fact that women, on the whole, recognize their status to be lower than that of men regardless of educational or employment achievements. Reasons for the gradual changes in women's status in Botswana have usually been attributed to education and the effect this has had on their inclination to adapt to new ways of living in an independent and less traditional Botswana.¹⁹ Evidence of the changing role of women in Tswana society is particularly evident in entrepreneurial roles. At present, there are few if any sexual taboos affecting female entrepreneurs in proscribed occupational areas.²⁰ The lack of sexual taboos is also exhibited by the large num-

bers of females pursuing careers in business under the Batswana Enterprises Development Corporation (BEDU) umbrella. Suffice it to say that the status of women is changing gradually and that there is evidence such as the high incidence of divorce, female-headed households, increasing political and social participation in affairs affecting women, tribe and nation, and their increasing appearance in entrepreneurial roles, that although still a relatively silent segment of the population, women in Tswana society are gaining increasing autonomy over their lives.

Age in Tswana society is a third aspect of society which is of considerable importance. Schapera observed that

In family life, people are entitled to respect from those younger than themselves; whose services they can freely command. Children are taught to honour and obey their elders, and may be severely chastised for insolence or undue familiarity. . . . The regard for one's elders is extended beyond the family and kin to the tribe as a whole. In general, people are expected to respect and obey all those older than themselves . . .²¹

While the importance of age reported above is still generally true, there is evidence that age as a means of social distinction is becoming eroded as children break away from the traditional practices as a result of contact with town life, education and labor migration. Further, whereas in times gone by, the younger members of the community did not generally set out on careers independent of their immediate families until they had reached a satisfactory age and status, this is no longer the case. Today, age as an element of social distinction no longer exerts its previous influence over those younger adults who seek

personal opportunities. An example of this is indicated by the numbers of young adults pursuing careers in business.

Although traditional social hierarchy and class systems are still important in Tswana society, it is evident that they no longer are the channels through which many Batswana can expect to achieve higher status. Kann has concluded that this is a result of the way in which the country is presently ruled. She concluded that with the advent of the African Local Councils Proclamation in 1957 and later followed by Independence, the chiefs, who held complete power over the people, no longer have the power and authority to confer status on others. Rather, the power which the chiefs previously had has not largely been distributed among other elected groups, e.g., Village Development Committees or appointed bodies such as District Development Committees. While some chiefs have abdicated their hereditary roles for politics, the outcome has meant that

. . . though the chieftaincy still exists and the chiefs have high status, their powers have undoubtedly diminished. Those who formerly got their status through their relationship to the chief have also found that their place in the society is not necessarily the same as earlier.²²

The virtual demise of the chief as a means to high status created a vacuum which was filled by other ways of achieving status outside the traditional means of agriculture and cattle or relationship to the chief. Some of these routes to social mobility and status, such as politics, civil service, teaching service and the ministry have already been mentioned. In general, however, it was the availability of educational opportunities that increased dramatically at the time of Inde-

pendence and provided a means of achieving social status. Both Kaan and Alverson have concluded that although the old social class system is still strong in villages and rural areas where few people with modern sector occupations reside, people living in towns see the principal way of achieving social status as being through wage earning. For smaller numbers of people, those with skills, access to capital and other inputs, the recent changes have served to stimulate the appearance of small-scale entrepreneurs who have gained social status through their economic activity.

Division of labor between sexes. Like other agricultural societies, Tswana society was built on the division of labor based on sex. Being a subsistence economy required women to participate in the production of food and the maintenance and repair of household articles. These various tasks were strictly allocated according to sex and essentially remain so today.²³ Sex also affected the crafts in such a way that it was the men who worked in skin, wood, metal and bone, while women made the clay pots which have been supplanted by cheap, durable European imports. Basket work was performed by both sexes.

With the appearance of the Europeans, however, certain crafts disappeared while others were introduced into Tswana society. These included building and thatching in the European manner, carpentry of furniture, dress-making, etc. One of the new crafts to appear has been beer-brewing, a valuable source of income for women operating in the informal sector. This new craft is particularly important in light of

the fact that for many women, their profits from beer-brewing are not turned over to the husbands or fathers as was once the case. Today, these women keep their profits and very often use these proceeds to finance the education of their children.

The extent to which labor has been affected by the forces at work is reflected in a recent report on small-scale production in Botswana. The Narayan-Parker report showed that there are many more types of work in which both men and women can engage. However, there continue to be several occupations, as are reflected in Table 1 in which one or the other sex does not intrude. The large number of women who have set themselves up in business in recent years, in both trade and commercial activity in both the formal and informal sectors, would indicate that in Botswana there are few restrictions for female entrepreneurs because of their sex. Other exceptions include occupations such as government work, administration, teaching, piece-work, farm labor and employees in cafes and shops.

Settlement patterns. The settlement patterns which have evolved in Botswana are different from similar patterns in most other African countries. Where the majority of countries are affected by rural/urban migration, Botswana migrate from the rural to the urban areas, between their three homes and between Botswana and the surrounding countries, especially the Republic of South Africa. What all three types of migration have in common is the need on the part of indigenous Botswana to satisfy one or a combination of three kinds of needs. In the first instance, the need for land, in the second the need for amenities unob-

TABLE 1

Employment Patterns of Men and Women in Four Southern
Botswana Villages (Excluding Work on Family Farms) 1982

Occupation	Female	Male	Total
S. A. Mines	-	56	56
S. A. Farms	-	30	30
S. A. Kitchens	20	-	20
S. A. Other	5	-	5
Botswana-town-Government-BMC	3	15	18
Botswana-town-other	11	57	68
Domestic-town	29	-	29
<u>Villages</u>			
Prophet	1	-	1
Traditional doctor	-	3	3
Mechanic/driver	1	2	2
Carpenter/cobbler	-	2	2
Builder	-	7	7
Building	4	-	4
Teacher	8	2	10
Knitting/sewing	7	-	7
Piece work	9	7	16
Hawking	2	-	2
Farm Labourer	9	10	19
Herder	-	39	39
Employee-cafe-shops	4	25	29
Domestic	10	-	10
Beer/Khadi brewing	15	-	15
Cutting grass	2	-	2
Pottery	2	-	2
	146	261	407
Age Range: 11-70+ Total Sample: Males - 497; Females - 553			

SOURCE: Deepa Narayan-Parker. Factors Affecting Small-Scale Production in Rural Botswana, Southern District, Gaborone, 1982.

tainable or difficult to obtain in the rural areas, in the third instance, the need for income-generating work. In each instance, the situation of the indigenous entrepreneur is in some way affected. The ways in which this takes place is the focus of this section.

Traditional settlement. Of the three types of migration in Botswana the first to be discussed will be that of movement between homes. Traditionally, settlement in Botswana took the form of very large villages with populations as large as 30,000 where all tribe members lived close to the chief.²⁵ In more recent times Botswana have begun to move away from the tribal capitals because all of the land surrounding them, which has historically been used for fields and pasture, has been depleted. The result of this seasonal migration away from the major villages has resulted in most Botswana having three places of residence: the home in the village, a home in an area devoted to agriculture or more commonly called "the lands," and another home near their cattle called the "cattle post." People move between these three homes on a regular basis. During the rainy season when people engage in farming it is not uncommon to find large villages depopulated of most able-bodied men and women. Some people have begun to reside at their lands areas permanently.

Rural to urban. A second type of migration is from rural to urban areas. This type of migration occurs in many underdeveloped areas in response to limited opportunities or incentives in comparison to urban areas where employment, amenities and "modern" life can be found.

Rural-urban migration is of course not confined to underdeveloped countries only, but can be found in any dual economy situation where people leave the rural areas in search of work or opportunity. When the rural areas present limited opportunities people leave home in order to earn the money to support relatives and children left behind, to provide the funds for establishing or enlarging the cattle herd, or to provide the capital for farming or to build the village home where one goes during holidays and at retirement.

Labor migration. A third type of migration which has evolved in Botswana and has profoundly affected her development is contract labor and wage labor employment in South Africa. Labor migration to South Africa first occurred in the mid-1830's, coinciding with the discovery of diamonds in Kimberly. This type of migration had become commonplace by the 1930's. Because South Africa and Botswana maintain a type of neo-colonial relationship in this respect, out-migration to the mines, factories and kitchens in the Republic has continued. In Botswana, migration to South Africa is a less acceptable social practice than in days gone by but it continues to be a necessary evil. Although the numbers of people leaving Botswana each year to work in the Republic declines, labor of this kind continues to provide many people in the rural areas, especially in periods of drought, with an income which keeps them from absolute starvation. Predictably, the overall effects of labor migration have been negative.

Isaac Schapera noted the extent of the damage done to Tswana society some years ago when he wrote that

. . . farming and other local activities have been adversely affected by the drain upon domestic labour resources, the stability of the family is weakened by the prolonged absence of husbands and the associated infidelity of wives, and the men on their return have less respect for traditional authorities and obligations.²⁶

On the other hand, migrant labor has had the effect of introducing many to a cash economy for the first time and has evolved as an important source of training for African labor. In some instances, the work undertaken in the Republic or Zimbabwe has led to the transmission of skills in small-scale manufacture, in trade and in numerous crafts which have enabled many Batswana to return home and start businesses.

Of the three types of migration described above all have had an impact of some kind on small-scale indigenous trade and manufacture. In areas of traditional settlement, Asians rather than Africans have for historical reasons managed to establish themselves. This is also one reason which explains the predominance of indigenous entrepreneurs operating shops in rural areas. In the rural areas themselves, there are fewer numbers of shops or formal sector manufacturing outfits indicating a lack of capital, markets, incentives for starting businesses or a combination of all of these. Moreover, the business people who operate in the rural areas tend to be the least well-educated and the least skilled in business management practices or have the experience which might help make them more financially successful.

Moreover, the business people who operate in the rural areas tend to be the least well-educated, the least skilled in business management practices or have the least experience which might help make them more financially successful. In regard to out-migration, although the need

for such a practice is unfortunate, Botswana's constraints in terms of providing work for her people is a reality which must be acknowledged. On the other hand, out-migration has in a number of instances provided individual Batswana with skills and experience in business or manufacture, has enabled some to acquire the capital necessary to start businesses upon their return to Botswana, and has given some Batswana a sophistication about business management, goods and services which can be used to good measure in Botswana.

Summary. Several aspects of the socio-cultural context in Botswana were reviewed in the preceding section. It was shown that Tswana society is in a state of transition from a traditional to a modern society and that some of the former processes such as routes to social status, and importance of sex and age are no longer adhered to as much as they were in the past. The source of these changes has come largely from exposure to Europeans, formal education, Christianity and the demands and rewards of political and economic independence.

The overall effect of the changes in Tswana society has allowed for more individual leverage in society. These changes have meant that those seeking social status must now do so in ways other than through the traditional relationship with the chief. Similar changes have affected the social institutions of sex, age and division of labor. In each instance, the socially accepted practices of the past are giving way to non-traditional ways of coping with society and with individual needs. On the whole, the changes and shifts in Tswana society have encouraged individuals to seek new roles in society. For some individ-

uals the roles they have chosen have been as entrepreneurs.

Settlement patterns were another area of Tswana social practice which was examined in the chapter. The influence of these migratory patterns have also had an effect on the emergence of indigenous entrepreneurs in Botswana. In the first instance, because there is considerable importance attached to farming and cattle rearing, the indigenous entrepreneur, like everyone else, is concerned about the progress made at the lands and at the cattle post. The demands involved in these tasks often take precedence over business matters and also bring to bear Cochran's theory on the social sanctions and obligations which impinge on entrepreneurs in different cultural settings. This means that business opportunities may not be taken advantage of because business is, for many, a secondary activity.

On the other hand, rural/urban and out-migration, two kinds of movement which are closely related to the search for opportunity, tend to lessen the social pressure to conform and observe the social obligations which are an important part of Tswana culture. At times, as Isaac Schapera pointed out, the effects of this type of migration can be negative. At other times it can mean that for those who leave the rural areas for towns or for those who leave the country, both are exposed to new ideas, attitudes, practices and values which can help create new desires for goods and services not previously part of the person's background. Further, the effect of these new influences on the individual's life can have several outcomes. One of these is a new awareness of needs and opportunities available to him, and two, a grow-

ing sophistication and freedom to make choices which might have been inconceivable, unacceptable or inopportune in a more traditional setting. In this way the prerequisites of traditional society, homogeneity and conformity, are lessened and individuals are more aware of and better able to take advantage of opportunities which may arise. From this group of individuals, the indigenous entrepreneur is most likely to emerge.

Political and Economic Context

Evolution of Botswana's commercial development strategy. In order to address the major research questions set out in the beginning of the study it may be useful to examine the economic and political context of entrepreneurship in Botswana. A review of this kind will enable the reader to have a clearer understanding of the economic constraints facing Botswana as well as the political strategies she has employed in an attempt to overcome them. The first step in this process will be a brief discussion of Botswana's political and economic background. The second portion of the chapter will conclude with a review of development strategies Botswana has employed to encourage and promote indigenous entrepreneurship.

Political and economic activity. Political activity in Botswana started in the late 1950's and culminated in Botswana's Independence in 1966. During that period she saw the creation of five political parties, some of which were short-lived.²⁷ Of this number, the Botswana Demo-

cratic Party, formed by the first President, the late Sir Seretse Khama, in 1962, has held power since Independence. How long the BDP will stay in power has been a topic for discussion for some time. The BDP's ability to stay in power will be influenced by the ability of the second president, Dr. G. T. J. Masire, to provide acceptable solutions to the major questions which predominate the political scene in Botswana, namely, the distribution of wealth among the population, the development of the rural areas and economic opportunities for indigenous Batswana participation in the country's economic development. In their book on Botswana's political economy, Colclough and McCarthy wrote that:

. . . the interests of the cattle owner are being given political priority. In many ways the BDP is not acting in the interests of the mass of the rural electorate from which it derives its support. Whether and when the BDP will begin to lose support or change its policies, is an important political question for the future.²⁸

In terms of entrepreneurs already operating in Botswana, the overall political climate has been stable for investment and expansion of business endeavors. And, perhaps as an outcome of the total hegemony of the Botswana Democratic Party, Botswana has not experienced the coups, corruption and destabilizing periods common to so many of her neighbors. Consequently, entrepreneurs in the study have not been exposed to periods of political turmoil which could undermine or destroy their businesses. The apparent calm in the political arena has provided a climate in which entrepreneurial activity should be able to flourish. Indigenous Batswana are in fact demanding that more be done in

order for them to participate more fully in the economy.

Economically, indigenous Batswana have not fared as well as their Asian and European counterparts. The latter, equipped with more capital, education, training and experience are just beginning to be faced with any competition from indigenous Batswana who want to play more of a role in the economy. Government's recognition of this situation has helped usher in a series of measures which call for considerable deregulation in the trade sector, the institution of loan schemes which take into consideration the capital formation problems of indigenous Batswana, and has called for commissions which have examined the status of economic opportunities for indigenous Batswana. The reasons why the government has found it necessary to take action to form commissions of this type as a result of popular demand for more participation in the country's national economic development after almost two decades of Independence is the focus of the next section.

Commercial and industrial development strategy. Botswana's strategy for commercial and industrial development did not begin taking shape at the time of Independence. In fact, the roots of the strategy started much earlier when the country was still under British tutelage. Following Independence, much of the spirit if not the letter of the British approach to development was retained albeit through civil servants of British extraction. At this early stage in Botswana's development there were few Batswana who were able to make much practical input into the Ministries concerned. The Batswana did not have a mercantile tradi-

tion to fall back on. This lack of experience and expertise continues to be one of the factors which impinges on the emergence of indigenous entrepreneurs in Botswana.

The approach of Independence in 1966 marked a turning point in Botswana's history. Given the strategy of the centrally controlled economy, a series of rolling Development Plans have been produced since 1963 which have outlined the evolution of Botswana's political principles and her intended development objectives. This section of the chapter will review the development objectives emanating from the Development Plans which have emerged beginning in 1963. By the end of the review it will be clear how government viewed the development of larger numbers of indigenous entrepreneurs and the steps taken to achieve this development.

In the transitional Development Plan 1963-65, written by the outgoing British colonial administration for the soon-to-be Botswana Government, little financial support was provided for the much needed expansion of essential services²⁹ or the promotion of indigenous entrepreneurship.

At this time, the British did agree to expand and improve formal education facilities and start adult education and community development campaigns. Minerals were still suspected but not proven to exist. The future of Botswana as an independent country was very bleak indeed.

To stimulate the economy and create additional sources of immediate income on which the Protectorate could rely, the 1963-68 Plan proposed that "the private sector be stimulated by offering lucrative in-

centives while discentives which already existed should be removed."³⁰ In other words, the British colonial administration was well aware that the new country would not be able to support itself and therefore, on the eve of Independence, began to call for private investment sectors to come to its assistance. Moreover, at this early stage in Botswana's modern history, the investors who were called were not indigenous Africans, but outsiders.

Shortage of capital partly accounts for the lack of entrepreneurs. Such industrial development as has already taken place has been undertaken by external entrepreneurs, either by South Africans or by the Commonwealth Development Corporation. Commerce and the services industries, on the other hand, are largely controlled by Europeans and Indians who reside in the Territory.³¹

The second planning document, covering the period 1968-73, appeared after several major events had taken place in Botswana, not least of which was the achievement of Independence. It is a more optimistic document than that which appeared several years before--diamonds and other minerals had been discovered. The Vice-President stated in the Introduction that

For the first time in the history of Botswana, it is now possible to state confidently that our country has the potential to achieve financial self-sufficiency in the near future, accompanied by rapid and sustained economic growth.³²

The main objectives in the Second Plan were to make Botswana an economically viable entity in the shortest possible time and rid her of the need to request grants-in-aid from Great Britain in order to balance the budget. As in the previous Plan, an extensive development projects scheme was not within Botswana's grasp and for this reason much emphasis was put on the need for self-help:

Development which can take place with little outside aid is that based on self-help--the construction of rural roads, small dams and buildings using local materials--and these activities are already and will continue to be encouraged by Government . . .³³

The section of the Plan 1968-73 devoted to private enterprise again refers almost exclusively to foreign investors who would provide the capital to develop the country. The expansion of the industrial base was central to the provision of employment opportunities for a population still largely living outside wage employment.

To encourage local participation in the commercial sector of the economy, government arranged for credit to be made available to local entrepreneurs and cooperatives on generous terms through the National Development Bank. The Cooperative Movement was started and was highly regarded in those days as a means of shepherding the masses into the cash economy and as a training ground for indigenous entrepreneurs:

The cooperative movement is seen by Government as an essential means of enabling the mass of the people to participate in the economic development of Botswana and of encouraging the transition of a predominantly subsistence economy into a cash economy. It provides a vehicle for the creation and reinvestment of trading surpluses and the mobilization of small savings to the benefit of the individual, the local community and the national economy. The Movement is an agent for social change and modernization in the rural areas and an excellent training ground for democratic procedures and the development of social responsibilities.³⁴

By the 1973-78 Development Plan period the commercial trade situation had become clear to the government. This Plan clarified some of the problems facing the small-scale indigenous entrepreneur almost a decade ago:

More than 70 percent of all trading licenses are held by Botswana citizens, but that figure gives no indication of the proportion of the total trade that is carried out through establishments owned by Botswana citizens. In fact by far the greater part of internal trade is conducted through non-Batswana-owned establishments. In addition, non-local enterprises carry out the "prime" retail and wholesale business in the urban areas, while it is left to small-scale Batswana-owned enterprises to provide for the needs of the suburban and rural communities. The smaller traders have no wholesaling system they can rely on, and they have to travel long distances to acquire small stocks from semi-wholesalers or larger retailers in urban areas.³⁵

Several years later the 1976-81 Plan noted that there had been some changes in this situation but none significant enough to alter the prevailing direction of trade activity.

The specialist trades such as chemists, hotels and insurance companies were still dominated by foreign concerns. The Batswana Enterprise Development Unit, charged with establishing and encouraging small-scale industries owned by local entrepreneurs, had been established as had the National Development Bank, the source of funding for many of Botswana's small-scale business people in both trade and industry. Government had already recognized the fact that in addition to the other supports provided the commercial and industrial sectors, there was need for an extension service. The Traders Extension Service, started during the 1970-75 Plan period was to be "revitalized and expanded in order to encourage greater local ownership of trading businesses and greater competition and efficiency in trade."³⁶ But reports which emerged later showed that it had had only limited success in encouraging entrepreneurial development.

The 1979-85 Development Plan is the most sophisticated and in-

formative of all the Plans produced thus far. The BDP has remained in office and so there have not been any dramatic changes in either Botswana's political principles or her development goals. The Plan's analysis of problems and constraints affecting trade and industry are the most comprehensive statements made to date: .

Botswana faces constraints on the development of industry and commerce. Among these are:

- a small internal market based on a population of less than a million with a low average income;
- fragmentation of this marked by low population density and poor communications;
- the remoteness of the country, which is landlocked and surrounded by much more developed economies of South Africa and Zimbabwe;
- an acute shortage of skilled and managerial manpower;
- lack of infrastructure-communications, power, water and serviced land and the high cost of what exists;
- lack of local capital markets; and
- lack of a strong raw materials base, apart from certain agricultural products.³⁷

Government has made an attempt to provide and expand upon the services available to industry and commerce. However, the services provided to the commercial sector, which contains the majority of Botswana's formal sector indigenous entrepreneurs, has not fared as well as the industrial sector which government subsidizes heavily in the hope of stimulating employment opportunities and self-sustaining indigenous-owned companies. For those in commerce, the old Traders' Extension Programme has been merged with Partnership for Productivity, a non-profit-making organization sponsored by government and the United States Agency for International Development (USAID). However, few business people, of any race, are aware of or utilizing the extension services provided by government.

Summary

Chapter III consisted of an overview of selected historical, physical, cultural, political and economic context factors which form Botswana's background. The purpose of the chapter was to familiarize the reader with the contextual situation in which indigenous entrepreneurship in Botswana has evolved.

The chapter has shown that Botswana is a country in southern Africa which is deeply affected by its climatic and ethnographic characteristics. Its fragile economic situation and its proximity to stronger, more developed neighbors is a major constraint on development.

Culturally, Tswana society is in a state of transition from a traditional agricultural society to a modern mixed economy. The effects of social transition have been felt at this level of society and many of the traditional practices, attitudes and codes of behavior are being modified to suit new social conditions.

Politically and economically Botswana has progressed a great deal since she became independent in 1966. The political situation is stable and her economic future is bright, notwithstanding the present world recession.

Chapter III has also reviewed the evolution of government policy and action in regard to indigenous entrepreneurship. It found that since Independence smaller numbers of indigenous Batswana entrepreneurs have emerged than was expected. Moreover, the positions in the business world filled by indigenous Batswana are peripheral to the nation's

economic growth. Although the government has made an attempt to encourage indigenous entrepreneurship by providing financial assistance schemes and extension services, these programs have had only limited effect on increasing the number or quality of indigenous entrepreneurs in Botswana.

This concludes the discussion of the first group of societal-level factors which affect the emergence of indigenous entrepreneurs in Botswana. Chapter IV presents a second and final group of societal factors which have an impact on indigenous entrepreneurship. Following these two chapters devoted to a discussion of societal-level factors, information about the conceptual framework, methodology and characteristics of the sample population will be presented.

End Notes

¹ Margaret Hodgson and W. C. Ballinger, Britain in Southern Africa, No. 2, Bechuanaland Protectorate. Alice: Lovedale Press, 1932, p. 19.

² Bechuanaland had also become of increasing interest due to the discovery of gold in the Tati (Francistown) area and the rumors of great mineral wealth to be found in neighboring Matebeleland and in Mashonaland further to the east in present-day Zimbabwe. Also important, Britain's failure to proclaim the territory a Protectorate would have enabled the Boers to take control of the road north, the link from Britain's Cape Colony to points north of the Zambezi, and access to millions of acres of land in the Tswana areas.

³ Hodgson and Ballinger, op. cit., p. 20.

⁴ Basutoland, Bechuanaland Protectorate and Swaziland: Report of an Economic Survey Mission. London: Her Majesty's Stationery Office, 1960, p. 37.

⁵ S. M. Gabatshwane, Tshekedi Khama and Bechuanaland, Mafeking, 1960, p. 14.

⁶ C. Colclough and S. McCarthy, The Political Economy of Botswana, A Study of Growth and Distribution. London: Oxford University Press, 1970, p. 33.

⁷ Statistical Bulletin, Vol. 7, No. 1, March 1982, p. 1 Government Printer.

⁸ National Development Plan 1979-85, Gaborone: Government Printer, p. 6.

⁹ Ibid., p. 6.

¹⁰ Ibid.

¹¹ National Development Plan 1970-75, Gaborone: Government Printer, p. 33.

¹² Hoyt Alverson, Mind in the Heart of Darkness, New Haven: Yale University Press, 1978, p. 11.

¹³ Lord Hailey, Native Administration in the British African Territories, Part V, London: Her Majesty's Stationery Office, 1953, p. 153.

¹⁴ Ibid., pp. 153-154.

- 15 National Development Plan 1979-85, op. cit., p. 184.
- 16 Isaac Schapera, The Tswana, London: International African Institute, 1953, p. 36-37.
- 17 Ibid., p. 37.
- 18 Kunnie Kooijman, Bokaa: Living and Learning in an African Village, Cambridge: International Extension College, 1980, p. 19.
- 19 Ibid., p. 93; also Alverson, op. cit., pp. 49-50.
- 20 Deepa Narayan-Parker, Factors Affecting Small-Scale Production in Rural Botswana, Southern District, Gaborone: Ministry of Commerce and Industry and Rural Industries Innovation Center, 1982, pp. 35-37.
- 21 I. Schapera, The Tswana, op. cit., p. 38.
- 22 Two clear examples of this exist regarding hereditary chief's renunciation of all claim to the chieftainship. Seretse Khama renounced all claim in 1956 after a long and painful dispute with his uncle Tshekedi Khama and the British government over Seretse's marriage to Ruth Khama, a white English woman. Without having done so would probably have meant that Seretse could not participate in public politics as his people, the Bamangwato, still saw him as their rightful chief. The second case is much more easily seen as a case of preference for a career in party politics and involves Kgosi Bathoen II of the Ngwaketse who resigned his chieftainship in 1969 to join the Botswana National Front.
- 23 Ulla Kaan, Career Development in a Changing Society. Stockholm: University of Stockholm, 1981, p. 66.
- 24 Ibid., p. 71.
- 25 I. Schapera, op. cit., p. 35.
- 26 I. Schapera, Ibid., p. 37.
- 27 Colclough and McCarthy, op. cit., p. 47.
- 28 Much has been written about the underdeveloped state in which the Protectorate found itself at Independence. It has been noted elsewhere that the British intended to turn the Protectorate over to the South African government and so there was little justification for them to institute costly administrative structures or build up the territory at British taxpayers' expense when in the end the Protectorate was to be taken over by the South African government. This was the British position. In fact, the Tswana raised the vast majority of revenue with

which the Protectorate was administered through the Hut Tax. Kenneth C. Hall in his article on the price of British protection, has dismissed the British position and noted that the colonial administration did so little by way of development because of Britain's inclination to run the Protectorate "on the cheap." Kenneth C. Hall, "British Bechuanaland: The Price of Protection," The International Journal of African Historical Studies, VI, 2, p. 195.

³⁰ Bechuanaland Protectorate Development Plan, 1963-68, Gaborone, pp. 9-11.

³¹ Ibid., p. 4.

³² National Development Plan 1968-73, Gaborone: Government Printer, 1968, Introduction.

³³ Ibid., p. 8.

³⁴ Ibid., p. 37.

³⁵ National Development Plan 1973-78, Gaborone: Ministry of Finance and Development Planning, 1973, p. 243. The term Botswana "citizen" is ambiguous in the sense that it refers to all Africans, Asians and Europeans who hold Botswana citizenship. There is at present no way to separate out the percentage of businesses actually owned by indigenous Africans as 1) government stopped keeping records of ethnic origin shortly after Independence, and 2) some businesses are managed by Africans but owned by Asians or Europeans.

³⁶ National Development Plan 1976-81, Gaborone: Ministry of Finance and Development Planning, 1977, pp. 201-222.

³⁷ National Development Plan 1979-85, op. cit., p. 203.

C H A P T E R I V
DEVELOPMENT OF TRADE AND ENTREPRENEURIAL
ACTIVITY IN BOTSWANA

Chapter IV is the second and last portion of the thesis which presents general information relevant to the contextual setting of indigenous entrepreneurship in Botswana. In some ways it is also the most important and the most exciting. The chapter contains five sections; the economic and administrative contexts which discuss the economic constraints placed on pre-independent Bechuanaland as an economic and political satellite to South Africa's economic development, and the effects of the British colonial administration's influence on attempts by indigenous Botswana to enter the trade sector at the turn of the century. The third portion of the chapter examines a specific case of indigenous entrepreneurship which was destroyed by a combination of South African economic interests and British colonial paternalism. Part four is on the role played by ethnicity as a factor in Botswana's commercial development. Part five discusses educational needs and services of entrepreneurs. Taken together, the various parts present a clearer picture of the societal factors which have helped shape the entrepreneurial situation prevailing in Botswana today.

Economic Context of Indigenous Entrepreneurship

As has been stated earlier, Botswana's commercial and trade sector is closely intertwined with those of her neighbors. The effect of this dependent relationship has been to create a situation of underde-

velopment of Botswana's economy wherein the former has been used as a source for South African investment and consumption of South African goods and services. The result of this has been the retardation of economic growth in countries peripheral to the Republic, such as Botswana.

According to Martin Legassick,¹ this underdevelopment was part of a process which began with the discovery of diamonds and gold in South Africa, the effect of which was to transform the South African economy from a peripheral agricultural community dependent on the European world economy into a sub-metropole participant in the world economic structure whose internal development necessitated that the surrounding areas, already undeveloped, proceed into a state of underdevelopment.

This was brought about in a variety of ways, the most important of which included the alienation of the indigenous Africans from their land, the imposition of taxes which coincided with the removal of traditional sources of income, the institution of a cash economy into which the Africans were forced to take part and the use of traditional institutions of social control to carry out the will of the British and South African white economic and political power structure.

For Africans in South Africa the restrictive and repressive acts of the white minority culminated in the political ideology of "apartheid" which gained its legislative legitimacy in 1948 when the Nationalist Party came to power in South Africa. Africans in surrounding countries were also affected by the expansion of the mineral, agricultural and, later, the industrial development of the Republic. Their

role in South Africa's development had been heralded in 1924 by General Smuts:

All the highlands of East Africa from the Union to Abyssinia are healthy for Europeans and can be made a great European state or system of states. . . . It is one of the richest parts of the world and only wants white brains and capital to become enormously productive.²

South Africa's expansionist economy has continued, and, aided by British and American capital and shored up by state power and racist ideology, has managed to grasp a share of economic surplus from the metropole by using force and coercion in the exploitation of the indigenous inhabitants.

By the late 1950's, South Africa had reached a saturation point in terms of utilizing its own capital and for developing local markets for its manufactured goods.

The low wages of blacks make South Africa's domestic market comparatively small, so that capital seeking to reinvest must either move itself outside South Africa or must develop an export market large enough to produce economies of scale. For minerals and raw materials Europe provided the market, but in the manufacturing sphere the metropolitan market is hard to penetrate. For South African capital it is tropical Africa, with its colonially distorted economies, which is South Africa's natural outlet.³

The development of South Africa's economy has had long term negative economic effects on the economies of Angola, Botswana, Lesotho, Malawi, Mozambique, Swaziland and Zambia, as all fall within the sphere of South Africa's economic influence. In the case of Angola and Mozambique, they attempted to break out of the western-oriented economic orbit by staging popular wars of liberation and opting for socialist governments, but even so, they remain tied to capitalist markets for vital

goods and services. Malawi, on the other hand, has developed a close relationship with South Africa and benefits from her beneficence. Botswana, Lesotho, Swaziland and Zambia all continue to exist within South Africa's orb and depending on the success of the Southern African Development Coordinating Conference (SADCC), all may fall under South African control with the whites at the centre orchestrating further underdevelopment of the African peripheries.

Administrative Context of Indigenous Entrepreneurship

A discussion of British colonial policy and the attitudes held by the civil servants who implemented that policy takes us back to an earlier section of this thesis which presented the sociological, psychological and economic theories of entrepreneurial supply. The views of economic historians fit in neatly with those of economists in the acceptance of the view that development and, inter alia, entrepreneurship need not be seriously affected by adverse social attitudes "unless they are allowed to become crystallized in government action."⁴ In the case of the Protectorate, adverse social attitudes did crystallize and had negative effects on the development of entrepreneurs. The attitudes, values and beliefs of the British civil servants were at the heart of this development.

British presence in Africa was a caretaking rather than building role. It has been said that:

If the building achievement was modest, the caretaking was excellent. It was frugal, at least until the fifties. It was honest and just where settler influence was not allowed to get out of hand. It was a trifle dull, lacking

that excess and flamboyance which a later generation was to admire and call "charisma." Above all, it was on the whole and by the standards of the 1970's, humane. But Humanity is not a useful qualification for would-be developers.⁵

The individuals who were sent out as colonial servants and whose job it was to oversee events in the colonies and Protectorates such as Bechuanaland were put into a position of governing for which they were hardly prepared as a result of their own cultural backgrounds and lack of peasant societies in England. British colonial civil servants in the main, lacked the background either educationally, attitudinally or experientially to spur economic development among Africans.

The explanation for the peculiar attitudes of British colonial servants towards trade lies in their social and cultural background. In the first place, British society is one in which class membership is very important and very much resembles a caste system similar to that which exists in India. Those who belonged to the upper classes and therefore of the highest caste level were also the most privileged, better educated, and most discriminatory towards the so-called lower classes. In British society, "trade" represented an occupation engaged in by members of the middle class. Individuals from this class tended to be less privileged, with fewer influential connections in society, moderately or poorly educated, highly discriminatory of the classes below themselves, and highly impressed by and envious of upper-class members.

The economic relationship which existed between classes was essentially symbiotic. While the upper classes tended to invest in trade, where middle-class entrepreneurs introduced innovations and reorganized

the factors of production which enabled the upper classes to make vast fortunes with which to finance their upper social class status, "trade" was an ungentlemanly occupation for anyone belonging to the upper class. Even those of middle class origin who, by virtue of their success in business managed to acquire the trappings of the upper class, were never accepted into upper class society.

Based on this type of social background, it is understandable why the British colonial administrators posted to the developing world were reluctant to become engaged in or to encourage Africans to become involved in business activity. Those individuals who were considered to be acceptable for this occupation were other Europeans of lower class origins than the British civil servants. At the same time, Africans, being lower in status than the lowest European, were not considered suitable for business activity.

Examples of how the attitudes, beliefs and values of the colonial civil servants worked against African economic development in general and indigenous entrepreneurship in particular abound. In the first place, colonial civil servants were at a disadvantage because there were few pointers which could help indicate the direction in which economic activity in the colonies could be geared. No body of relevant economic literature existed to assist administrators to cope with developmental problems in so far as they wished to do so or even to understand the systems and processes confronting them. There was limited exchange between colonies vis a vis economic activity and development, and colonial officers, even if they had wanted to pursue economic de-

velopment, were left in a communications vacuum.

On the other hand, colonial officers felt no urgency to develop the outposts to which they had been sent. For them, colonial rule, as evidenced in the amount of time they thought it would take for Africans to be able to rule themselves, was to continue indefinitely. Based on this belief, little action was taken in training, educating or elevating the standard of living of the African masses. Nor was the education which was undertaken by Africans in agreement with the needs of nation-building and so at Independence, one found more graduates with degrees in the arts and social sciences than in agriculture. Middle-class British attitudes towards commerce precluded any involvement in commercial skills.

The attitudes most harmful in the context of this study were those affecting urbanization and commerce. In the case of the former, colonial civil servants believed that Africans should be protected from the negative effects of life in urban areas and that the rural areas were havens of virtue. Urban phobia took little account of the fact that growth of towns stimulates market expansion and is thus a major source of agricultural and industrial development. In regard to trade and commerce in general,

Trade was a good thing because it brought in revenue. But it should not be allowed to harm the natives, should be carried out by "reputable" traders and must above all conform to administrative norms of tidiness. Petty traders and middlemen, who were usually dubbed "parasitic," were therefore often discouraged.⁶

The result of this attitude was the creation of a licensing structure, very much still in effect today, which was designed to keep out

the small "pettifogging" trader who would undersell the genuine trader. In short, the British encouraged the highly capitalized, stationary trader while discouraging the very small-scale, mobile trader who might exploit his customers or take away the business of the established trader. In the present context, the undesirable traders were first itinerant whites, then Indians and finally Africans. More will be said about this shortly in connection with the 'Jousse Trouble'.

Administrative attitudes did not encourage trade by Africans in particular. This is reflected not only in the colonial administration but also in the banking policies of the period, which with their need for compliance to established ways of doing things, the desire for tidiness served as formidable barriers against innovation. This is patently clear in the banking procedures which persist to the present:

. . . following on British need for orderliness brought similar qualities of reliability and attendant inflexibility, stemming from their conservative loans policy. Most Africans lacked the tangible collateral which was required in English banking practice.⁷

The influence of white settlers on the way in which colonial civil servants administered the Protectorate also played a large role in economic development and the supply of indigenous Botswana entrepreneurs. The ways in which this influenced the supply of indigenous entrepreneurs will be the topic of the next section. For the civil servants, however, a summary of the general policy well into the 1950's can be summarized as follows:

Good district administration - and this was what affected most people - consisted of a reasonable hut tax, the preservation of tribal customs, young men respectful to their elders, (and) proper care of native agriculture.⁸

Indigenous Trade and the Jousse Trouble--Trends for the Future

Before the appearance of the white traders in Bechuanaland in the latter part of the nineteenth century, Tswana society was a largely undifferentiated agricultural and pastoral society in which trade as an occupation was unknown. Communities of people were self-sufficient in the provision of the majority of their material wants and bartered with others for specialized craft products. Trade in goods such as live-stock, meat, corn and other food products was sporadic and "there were not tribal markets of any kind where goods were regularly offered for sale."⁹

With the increase in the number of traders coming to settle permanently in Bechuanaland and especially with the British expedition into the Rhodesias from around 1887, the demand for produce, cattle, wood and other goods grew in order to supply the wagon trains going north. The Central District, then known as Khama's Country, was especially affected by this boom in trade which influenced not only the chief but also many other indigenous Botswana, to become active business people. The economic boom created by the wagon trade came to an end with the construction of the railway line to Bulawayo. 1896 marks the year when the country was ravaged by a combination of rinderpest which decimated the substantial cattle herds and destroyed the cattle industry for many as well as the year when the railway replaced the wagon trade industry. From this period onwards Khama's country, the Ngwato Reserve, lost ground in production due to the deforestation of the land for the wagon trade industry and the shipment of wood to the Kimberley mines via the

railway, and also because of the restriction of political boundaries and declining terms of trade with South Africa. By 1903 Khama was forced to drop his ban on the export of labour to the South African mines.

Indigenous trade of any magnitude disappeared by 1903 and was replaced by subsistence agriculture and labour migration. However, Khama, always eager for a means to resist capitulation to the white establishment and to provide an economic base for the Ngwato nation, went into business under the registered name Garrett Smith and Co. Neil Parsons has written that

. . . the story of the company's demise illustrates the dimensions of the political pressure of the informal network which matched the subordination of the Bechuanaland Protectorate's administration to the South African establishment interests.¹⁰

In personal terms Khama was interested in having an investment outlet for his cattle since that market had been wiped out and their worth as an effective capital investment for savings and credit use had vanished. It was also necessary to secure the income of the chief, since he had divested himself of all claim to the tribal wealth in 1887, and to help as much as he could in obtaining those things which tribal members desired from the Europeans. Khama felt that the animals being held for purchase at his store could also be used for draught power in much the same way that savings are used for commercial investment until demanded by the depositor.

In any event, Chief Khama ran afoul of the local manager of the Bechuanaland Trading Association (B.T.A.),¹ Paul Jousse, who created

such a controversy over the Chief's involvement in commerce that the matter was ultimately taken up by the Colonial Office in London. The root of the trouble which spanned a total of six years was the fact that Khama as Chief was seen to be competing with Jousse who accused him of monopolizing trade and instigating boycotts against B.T.A. shops. Jousse also wrote very derogatory articles about Chief Khama which appeared in the South African press. Following an inquiry by the Lesotho Resident Commissioner, Sir Herbet Sloley, the High Commissioner in Cape Town ordered Chief Khama to withdraw from commerce and to change the name of the firm. He also instructed Chief Khama to stop the Ngwato tribes' boycott of B.T.A. shops and, contrary to Sir Sloley's recommendation that Jousse be replaced, advised that the B.T.A. principals be left to decide the fate of Jousse.

The dispute continued for some time more but the fundamental elements had been laid bare--these were that the "native" chief should never have been allowed to engage in trade in the first place as this was a white man's domain. Jousse had gotten himself into trouble for no other reason than for bringing this administrative policy gaff to the attention of the colonial officials in "salty language."

Parsons states that,

The evidence of the Jousse Trouble suggests that McGregor and his colleagues acted as South African 'trustees' protecting the Protectorate against white settler penetration. But all the same they shared white settler assumptions that the way ahead was pointed by white alone and that black leaders could only look 'backwards' in terms of necessary social and economic evolution.¹²

The Jousse affair is a seminal theme in this thesis and explains

in part why there has been a paucity of indigenous Batswana entrepreneurs sufficiently experienced over time to be able to accept the challenge of contemporary commercial activity. If Khama and Co. had been allowed to succeed its success would doubtless have been copied by other Tswana states under the Protectorate, thereby providing Batswana with the experience in commerce they so seriously lack today. Chief Khama died in 1923. Five years later a brother of the late Chief Seepapitso attempted to set up a trading store but was refused permission by government based on the 1923 Credit Sales to Native Proclamation. The Proclamation was a sequence of legislation "introduced into the Bechuanaland Protectorate after the First World War to separate the powers and interests of white and black communities, under the guise of equitable segregation."¹³

Neil Parsons concluded that the "segregative laws were a response to the challenge by Africans against established white interests . . . where administrative decisions had previously been sufficient to ensure racial discrimination."¹⁴ He further suggests that it became necessary to enact discriminatory legislation after World War I, "when economic depression on the one hand raised African consciousness to question customary discrimination, and on the other hand rendered European supremacy insecure at its economic base."¹⁵

The example of the Jousse Trouble and its repercussions explains in part the stunting of indigenous Batswana participation in domestic trade before the 1940's. The section following will deal with the ethnicity factor and how it was used to maintain a European monopoly on do-

mestic trade and delay further the emergence of indigenous Batswana in the trade sector.

Summary. This portion of Chapter IV has presented a discussion of economic and administrative context factors which have affected the development of indigenous entrepreneurship in Botswana.

The discussion has shown that Botswana's development has been negatively affected because of the proximity to and economic needs of her neighbor, the Republic of South Africa. At the administrative level, the attitudes, values and prejudices of British colonial administrators resident in the Bechuanaland Protectorate had a negative effect on Botswana's indigenous entrepreneurial development. This was illustrated by the example of the Jousse Trouble in which the early efforts of Chief Khama at development were irreparably damaged. The overall effect of this case has been the retardation of the process of indigenous entrepreneurial development in Botswana.

One section remains in this chapter. This includes a discussion of the evolution of commercial trade in Botswana and the role of ethnicity in that evolution.

Ethnicity and Domestic Trade in Botswana

European traders. From about 1830 onwards, hunters, travellers and traders began to visit Bechuanaland as part of the expansionist drive described earlier. They did not settle during this early period but

they did trade with Botswana and hence introduced the material goods of western civilization. Unbeknownst to them, they inadvertently started the process of transition from self-sufficient peasant barter economy to dependent cash economy. In order to acquire the western goods, Botswana exchanged local products such as ivory and ostrich feathers and later, cattle, food products, wood, and so on.

Traders began to settle permanently after the discovery of Lake Ngami in 1849. Thereafter they could be found at the headquarters of each tribe. Records of the first settled traders refer to "four to five European traders operating in Molepolole," in Botswana's Kweneng District around the year 1879. These were followed by white traders attached to Cecil Rhodes' pioneer column in the 1890's who by 1900 had crossed the Kalahari Desert to the present Ghanzi, Hukuntsi and Maun areas (see map). Trade was apparently a sideline to these adventurous men and women whose appearance in Bechuanaland was more closely tied to acquiring land:

The pioneers were ranchers first and traders second, but they quickly realized the close relationship of the two pursuits. They built up their herds with African livestock exchanged for clothing, hardware, and other general merchandise from their storerooms.¹⁷

Botswana were at first reluctant to part with their cattle in exchange for the goods sold by the traders but barter of this kind became widespread until it became evident that traders were exploiting the Africans. Thereafter the British administration instituted a system whereby Africans had either to produce written proof of permission to

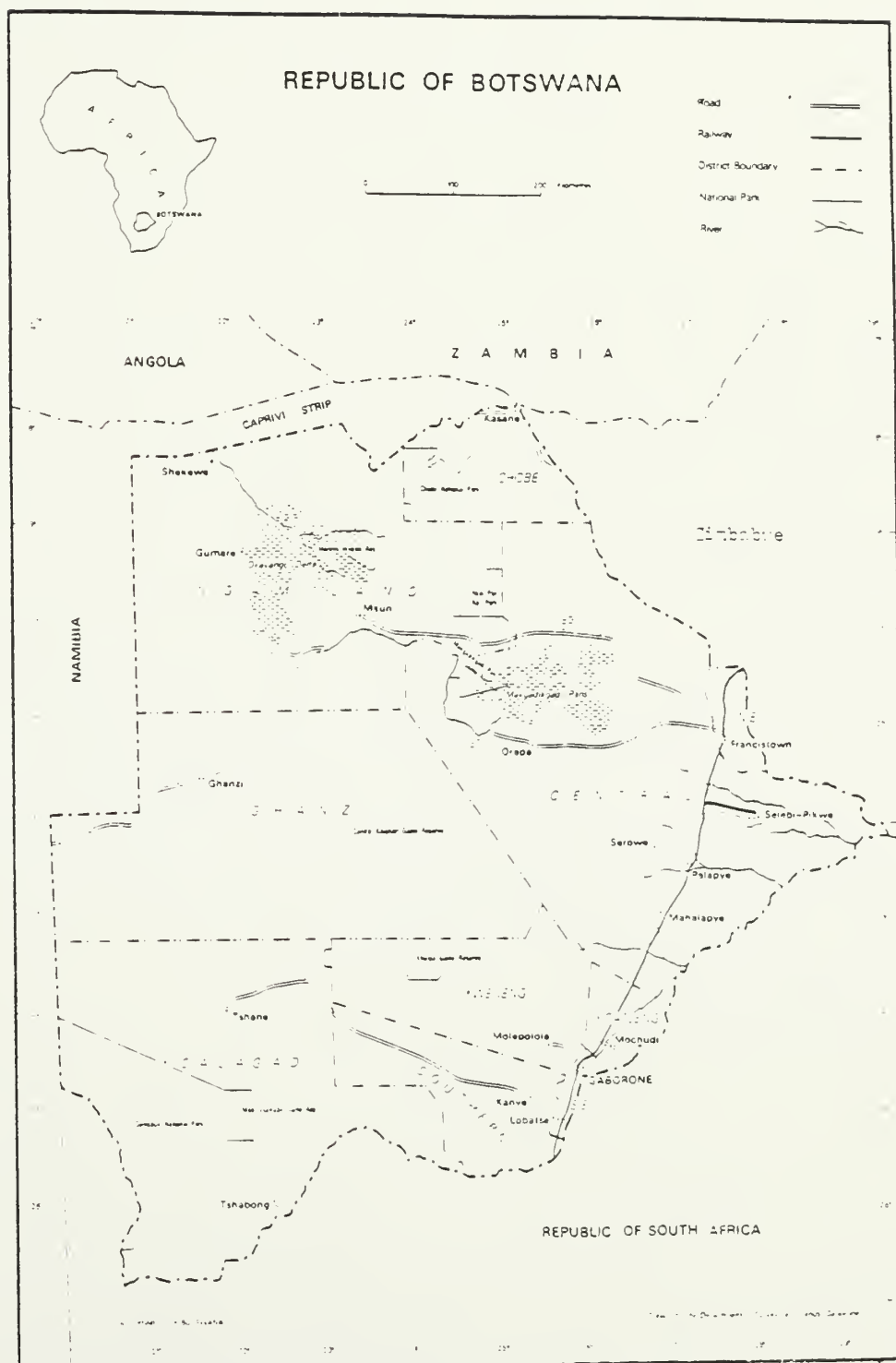


Figure 3. Map of the Republic of Botswana

SOURCE: Republic of Botswana, 1980

sell or buy cattle or proof of agreement between the cattle buyer and the chief.

The proliferation of white traders in Botswana continued at a constant pace up until the 1940's. From the end of the nineteenth century, chiefs were watchful of the activities of the traders so as to protect their tribes and to keep the traders from reverting to exploitative practices. Trading licenses were introduced by the administration and traders paid most tribal chiefs a rental for the use of land on which trade stores operated.

From 1891 onwards all traders had to hold a Government license and comply with various regulations made by the Administration. . . . They also had to pay an annual "stand rent," usually of £ 10 or £ 5, for each site they occupied. Such payments went formerly to the chief, but from 1938 onwards to the Tribal Treasury. They were already the rule in the south by 1890. The Tswana first imposed them in 1920. Among the Ngwato Khama deliberately did not ask for them, because he wished to avoid giving traders any possible claim to rights in the land.¹⁸

By the 1930's certain trends had already begun to show themselves regarding domestic trade in Bechuanaland. The European traders were beginning to feel threatened by the incursion of Asian traders in the Protectorate and were using their influence to keep both Asian and indigenous inhabitants out of domestic trade in order to protect their own monopolies. Second, a small number of European families had established what might be called "empires" by way of numerous 'bush' stores in the rural areas controlled from the tribal headquarters or transshipment centers along the railway, and third, trading activity in the country had been divided between whites and Asians in such a way that of the 144 licenses recorded in 1932, 131 were held by Europeans with the re-

maining 13 held by Asians.¹⁹

Domestic trade patterns and characteristics remained basically the same for the European trader for the period of 1932-1959. By 1959 the Europeans still dominated domestic trade in all regions but the empires created years earlier were no longer preeminent. By 1959 Europeans held only 59 percent of the trade licenses compared to 84 percent held during the previous decade.²⁰ European concentration of business remained the same except in the Ghanzi District where several new shops had been opened and in the historical strongholds of European trading activity such as Francistown, Serowe and Maun.

As has already been noted earlier, the 1960's brought drastic changes to the territory:

Independence was granted in 1966; a severe drought persisted for six consecutive years; the full importance of the Lobatse abattoir was realized; traditional tribal authorities were challenged and redefined; Africanization of both the economy and administration was intensified; minerals were discovered in minable quantities; Rhodesian and South African involvement in economic development programs became more apparent.²¹

By 1968 the European trading community had decreased substantially in areas such as Molepolole, Mochudi and Lobatse where shops were sold to Indians and indigenous Botswana. Europeans still held their near monopoly in the Francistown area and predominated in Maun, Palapye, Sehitwa and Garborone. The general trend since Independence had been for European trading to be concentrated in urban areas where increased income from government workers, higher employment rates, services and infrastructure were concentrated. Rural shops no longer held their previous attraction for European traders and hence these became the domain of

the Asian and indigenous Batswana trader.

In the last few years, Botswana has seen an influx of a new generation of non-African traders. These are usually from Britain, Taiwan, South Africa, Greece, Italy and the United States where the economic climate or political situation has worsened over time. Unlike the descendants of the settlers, these European traders are highly skilled in management and their particular commercial speciality and have access to either personal or company capital. Equipped with these essentials they have been able to offer a range of new goods and services to the urban areas, very often in specialities where Asians and indigenous Batswana have been unable to compete.

Asian traders. Asians first came to Botswana as traders under the protection of the British government in 1879.²² The Europeans were not long in protesting their presence and not long after their arrival attempts were made by European traders to keep Asians from expanding their interests throughout the country. The European traders were assisted by the colonial administration which itself had negative attitudes towards Asians and commerce in general.

Official attitudes towards Indians tended gradually to reinforce an insidious form of racial prejudice. Four consecutive periods have been traced in this evolution - approval, distaste, discrimination and repression. The first stage was short-lived; the last survived, with tragic results which were not solely a product of African nationalism. These prejudices against commerce were not merely harmful to foreign businessmen, from whose alleged depredations innocent Africans had to be protected. More important in the long run were their crippling effects upon the emergence of an indigenous entrepreneurial class.²³

In 1941 European resentment of Asian incursion into the trade sector culminated in the production of statements which accused the Asians of being unsuitable competitors or neighbors. Their "lower living standards enabled them to undercut European traders and (their) trading activities tend to depress prices and lower the standard of living of their European competitors."²⁴ By the 1950's the Asians had eroded European control of domestic trade and had managed to branch out of their southeast Ramotswa-Lobatse stronghold.

By the middle of the 1960's Asians operated 95 stores throughout Botswana and were making deep inroads into Serowe and the Tuli Block, both former European enclaves. Despite their prosperity, Asians continued to operate under hostile conditions which now emanated from the indigenous Batswana rather than the Europeans. Discrimination towards Asian business people continues and is at least in part due to the historical refusal of the Asian community to integrate itself with the rest of the multi-cultural community. As in the past, the constant irritant to the other members of the community continue to be the Asians' "business ethics" and the fact that "few Indians employ Africans but many act as their wholesalers, and so are able to undersell them."²⁵

The hostile atmosphere toward the Asian business community has had negative repercussions. By custom, an Asian family goes to great lengths to establish male family members in their own businesses at the time of maturity. This has meant that Asian families have developed empires similar to those established much earlier by European traders. Unlike Europeans, however, Asians cannot be expected to eventually turn

these businesses over to other ethnic groups as they themselves progress up the economic ladder given that the Asian community engages only in trade. Because locals are threatened by Asian take-over, efforts are often made to exclude them from competition for new businesses which officials would prefer see go to indigenous Batswana. The outcome of this dilemma has resulted in a practice which has alienated the Asian and African communities even further and is called "fronting."

"Fronting" occurs when an indigenous Batswana acquires a license or commercial piece of property which ends up in Asian hands. The African can either manage a business for which the Asian takes financial responsibility, or in relation to property, the Asian will buy or build the property ostensibly owned by an African. Although fronting is frowned upon, it is a common occurrence amongst Asians who have both experience and capital to invest. Information on fronting is virtually unobtainable because it is not officially recognized.

African traders. Botswana began to enter the domestic trade sector in the period following the Second World War. By 1949 there were ten African owned businesses in Botswana. This had come about as a result of African pressure for trading licenses following the war. The colonial administration had not been enthusiastic on the issue citing "dangers such as undercapitalization, overly aggressive European competition, and lack of experience" as justification for refusing to grant trading licenses to Africans. The turning point came when the colonial administration was pressured into challenging the exclusive right of the

Europeans to hold trading licenses in the Tati Native Reserve (Francistown) where the Tati Trading Company, a private concern, held considerable mining and land concessions and controlled the area as its own. The Tati Company lost the case and the number of Africans who took out licenses increased immediately.²⁶ The restricted general dealer's license was introduced shortly after the Tati case was resolved, and was expected to facilitate greater participation of Africans in the trade sector. In a short while indigenous Batswana began to compete with Asians and Europeans already operating in the Native Reserves.

By 1959, 53 licenses were held by indigenous Africans. Interestingly enough, all but three were general rather than restricted dealerships, the latter having the effect of limiting sales turnover and preventing license holders' trade stands being closer than five miles from a general dealer. During this early period in African business activity, no Batswana were trading in either Gaborone or Tuli Districts and those who became traders had generally been shop assistants or salaried employees in European areas.²⁷

By 1968 Africans held 31 percent of all trading licenses and 90 percent of the restricted general dealer's licenses.²⁸ They had become important traders in Gaborone and Lobatse where there was high employment and in some of the larger villages like Tonota, Bobonong, Madinare and Matsitama. The expansion of African traders in the more remote parts of the country was unimpressive, however, and up to the present time the rural areas continue to suffer from undertrading.²⁹

The increase in the numbers of indigenous Batswana engaged in the

domestic trade sector increased and was aided by the economic boom of the 1970's. During that period many Batswana established themselves in businesses covered in the present study. However, having entered the already small commercial sector, indigenous Batswana operated under considerable disadvantages in comparison to their Asian and European competitors and it was not long before the disparity between indigenous Batswana owned and non-Batswana owned businesses again became a heated public issue.

Summary. Ethnicity as a factor in the control of the domestic trade sector has its roots in the historical and economic development of the Protectorate dating back to the end of the last century. European settlers came to Botswana and established a network of country stores and cross-roads shops which they had largely given up to Asians and Africans by the 1960's. Asians came to Botswana specifically to engage in trade. Over the years they have remained in trade with little diversification of their occupations or capital and have established small empires similar to those originally created by the European settlers/traders. Asians have experienced discrimination at the hands of Europeans and more recently indigenous Batswana who resent their business practices and their refusal to integrate into Botswana's multi-cultural society. Africans have been engaged in trade for only a short time in comparison to their European and Asian competitors, and have been the least prepared, by way of capital, experience and training, to succeed in trade. At present they stand at the lowest rung of the domestic trade sector ladder and are unlikely to gain control of the sector with-

out massive and coordinated education, experiential and financial inputs from government.

Ethnicity as a societal factor in the context of Botswana's domestic trade sector remains a controversial issue. In order to ascertain whether ethnic origin has any significant impact on present-day sector activity, information has been gathered on the ethnic origin of the business people in the sample.

The review of economic and administrative contextual factors and the evolution of Botswana's present ethnic distribution of domestic trade concludes the presentation of societal factors which have influenced the emergence of indigenous entrepreneurs in Botswana.

This chapter has shown that because of Botswana's proximity to South Africa, her economy has regressed from one of self-sufficiency to a position of dependence on the Republic for wages, goods and services. The chapter also indicated the influence of the British colonial administration's attitudes and prejudices on the development of indigenous entrepreneurship in Botswana. The case of the Jousse Trouble illustrated the negative effect of the colonial administrators and the pervasive influence of South African economic interests on affairs occurring within the Protectorate.

Part four of the chapter outlined the evolution of domestic trade in Botswana and pointed out the ways and extent to which ethnicity has developed as an influential factor in the development of indigenous entrepreneurship in Botswana.

Chapter V presents an introduction to the sample population and findings of the study. This chapter consists of information about the conceptual framework and methodology used in the study and the characteristics of the sample.

End Notes

¹ Martin Legassick. "Gold, Agriculture and Secondary Industry in South Africa, 1885-1970: From Periphery to Sub-Metropole as a Forced Labour System," The Roots of Rural Poverty in Central and Southern Africa, ed. Robin Palmer and Neil Parsons. London: Heinemann Educational Books, Ltd., 1977, pp. 175-200.

² Ibid., p. 185.

³ Ibid., p. 194.

⁴ Cyril Erhlich, "Building and Caretaking: Economic Policy in British Tropical Africa, 1890-1960," Historical Economic Review, Vol. 26 No. 4, 1973. p. 649.

⁵ Ibid., p. 667.

⁶ Ibid., op. cit. pp. 650-51.

⁷ Ibid., p. 654. At present disincentives from the banking sector continue much as before. Peter Takirambudde conducted a study into entrepreneurship in Swaziland and found that banks are not willing to forego the traditional credit policy. Peter Takirambudde, "Law, Commercial Bank Credit and African Entrepreneurship: The Case of Swaziland," Savings and Development, No. 4, 1981, p. 239.

⁸ Ibid., p. 652.

⁹ Isaac Schapera, Married Life in an African Tribe, London: Penguin Books Ltd., 1971, pp. 138-139.

¹⁰ Neil Parsons, "Khama & Co. and the Jousse Trouble, 1910-1916," Journal of African History, XVI, 3 (1975), p. 386. For a full treatment of economic history under Khama, see Neil Parsons' "The Economic History of Khama's Country in Botswana, 1844-1930," The Roots of Rural Poverty in Central and Southern Africa, eds. R. Palmer and N. Parsons, London: Heinemann Educational Books Ltd., 1977.

¹¹ The Bechuanaland Trading Association was a subsidiary of Cecil Rhodes' British South Africa Company and was managed by Mosenthal Bros., a long-established firm in Port Elizabeth with Zambebian connections dating from the mid-nineteenth century.

¹² Neil Parsons, "Khama & Co. and the Jousse Trouble, 1910-1916," Journal of African History, XVI, 3 (1975), p. 404. McGregor was a colonial administrator.

¹³ Ibid., p. 407.

¹⁴Ibid., p. 407.

¹⁵Ibid., p. 408.

¹⁶U. Long, The Journals of Elizabeth Lees Price, London: E. Arnold, 1956, p. 376.

¹⁷Alan C. Best, op. cit., p. 600.

¹⁸Isaac Schapera, Tribal Innovators. Tswana Chiefs and Social Change, 1795-1940, London: The Athlone Press, 1970, p. 109.

¹⁹Alan Best, General Trade, op. cit., p. 602.

²⁰Ibid., p. 605.

²¹Ibid., p. 605.

²²Ibid., p. 601.

²³Cyril Erhlich, Building and Caretaking, op. cit., p. 651.

²⁴"Indians: Trading Licenses, 1934-1941." Unpublished correspondence, Botswana National Archives, File 729/1.

²⁵Alan Best, op. cit., p. 606.

²⁶Ibid., p. 603.

²⁷Ibid., p. 604.

²⁸Ibid., p. 605.

²⁹R. M. K. Silitshena, "Trading and Settlement in the Kweneng District of Botswana," Paper prepared for the SSRC Conference on Land Tenure in Botswana, Gaborone: University College of Botswana, 1978, pp. 16-17.

C H A P T E R V

THEORETICAL FRAMEWORK, METHODOLOGY AND CHARACTERISTICS OF THE SAMPLE

In Chapters III and IV an overview of societal factors which have influenced the development of entrepreneurship within the formal sector of Botswana's economy were presented. These included geographical, socio-cultural, economic, political and historical elements of Botswana's past and present which have helped to shape the current situation. The aim of the present chapter is to provide information about the theoretical framework of the study, of which the societal factors are a part, so that the chapters which follow on group and individual level factors come together to form a comprehensive description of formal sector entrepreneurship in Botswana. In order to accomplish this, Chapter V is a discussion of the theoretical framework of the study, the methodology employed and general characteristics of the entrepreneurs in the study.

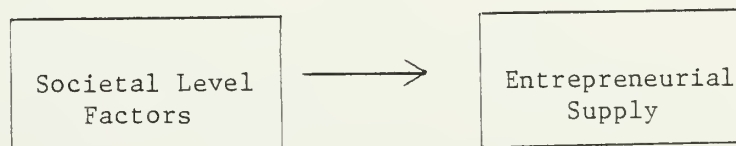
Theoretical Framework

The review of literature in Chapter II indicated that there is no single theory of entrepreneurial supply. Instead, there exist a number of theories from three major disciplines, some of which attempt to explain why entrepreneurs have or have not appeared in Western societies. Few of the theories presented so far help to explain the dynamics which have influenced the development of entrepreneurs in Botswana. The approach of this study has been to review the major theories ad-

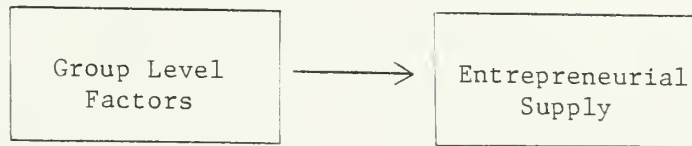
vanced about entrepreneurship but also to depart from them for a more pragmatic approach which facilitates an investigation of entrepreneurship in a developing country.

Previous research on entrepreneurship has been conducted from three main approaches: the sociological approach, the psychological approach and the economic approach. In the first approach, groups within society are generally seen as the initiators of change. In the second approach, society plays a lesser role; it is instead the individual who brings about the reorganization of productive factors and new and innovative ways of doing things. In the third approach, entrepreneurship is influenced by purely economic factors which either contribute to or retard economic development. In this last approach the entrepreneur plays a very minimal role due to lack of control over economic forces.

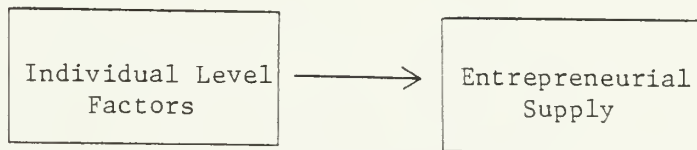
As already indicated, earlier work has approached the problem of entrepreneurial supply from one of the above mentioned directions. The result has been that entrepreneurship has been considered to be a function of the economic situation in the society, government attitudes towards entrepreneurial development, historical and cultural developments, etc.



But entrepreneurship has also been considered as a function of family background, schooling, group and stature within the community, etc.



Lastly, entrepreneurship has been considered to be a function of personality variables such as religious fervor, need for achievement or creative personalities.



The approach advocated here is an interdisciplinary one which proposes that entrepreneurship be examined from three levels of analysis and suggests that entrepreneurship be considered as a function of variables at all three levels.

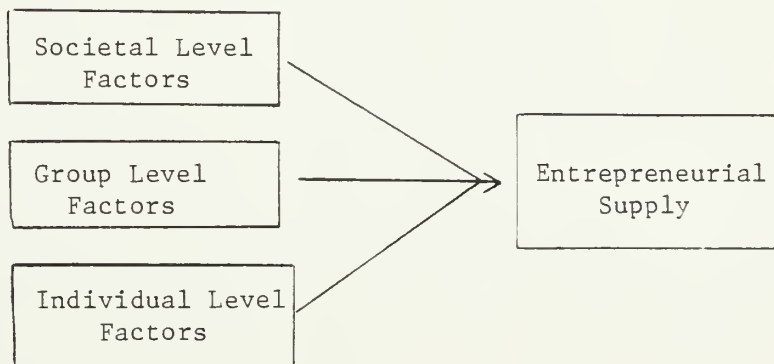


Figure 4 . Basic Model of Entrepreneurial Supply

Figure 4 shows the basic model which is used in this study. Entrepreneurial supply is not seen as a function of economic factors only, or group level factors only, or individual level factors only, but rather a function of the combined effects of these different fac-

tors as well as their interrelationships.

Support for this view can be found in the writings of the theorists on entrepreneurial supply such as Belasco,² E. E. Hagan,³ John Harris,⁴ and Gustav Papanek.⁵ From reviewing the immense literature available on entrepreneurial supply for developed as well as developing countries, it is evident that few writers who are concerned with the total phenomenon are satisfied with the one-dimensional manner in which the subject has often been discussed.

Research Model

In this study the writer proposes to employ a scheme which combines macro-level factors and micro-level factors which, taken together, influence the appearance of entrepreneurs. The problem of relating these two different types of factors has been referred to elsewhere in relation to career development.⁶ According to this scheme, the concepts at societal level are of macro-level type. These will be treated as "frame factors" in relation to the individual and the group factors, which are micro-level factors. Although developed for other purposes, the concept of frame has been used to link macro-level and micro-level analysis. For the most part, societal level factors tend to be outside the control of the individual, at any given point in time. These factors set the boundaries or limits within which it is possible for the individual to act, hence the term "frame" factors.

While reviewing the data on entrepreneurial supply it became apparent that certain concepts and factors frequently appeared. These

factors of the societal, group and individual levels are presented in Figure 5. These variables are presented to indicate the level and range of factors which would appear to influence entrepreneurial development in contrast to studies on the subject which have tended to focus only on economic conditions, reactive subgroups and the like or child-rearing patterns and cultural values. The variables that denote the operational definitions of these concepts--most easily understood from the questionnaire used in the empirical portion of this study--appear in Chapters VI and VII. A complete list is given in Figure 5 in order to familiarize the reader with the concepts. The concepts have not been listed in order of priority. The concepts included in the individual and group levels are common to studies on entrepreneurship. Those at the societal level are not new in this type of research but have, on the whole, received less attention than those mentioned earlier. One reason for this is that most studies have been carried out by economists, sociologists, or psychologists who have focused on those aspects of the societies in question which most directly related to their own disciplines. This has resulted in analysis of individual, group and prevailing economic conditions only, not on macro-level phenomena.

The Design of the Study

Description of the population. In Botswana, even the most cursory and superficial examination of the formal sector business community confronts the observer with a series of contrasts. The contrasts demon-

Figure 5. Checklist of Factors which Influence the
Emergence of Indigenous Entrepreneurs in Botswana.

1. Societal Level

<u>Sectors</u>	<u>Variables</u>
Physical and ethnographic factors	Climatic conditions
Population	Numbers and distribution
Natural resources	Important resources and deficiencies
Historical background	Impact of colonization on traditional society
Political factors	Political orientation; stable and rational governance; inter-regional context
Economic factors	Relationship to stronger neighbors; ability to undertake internal development; distribution and utilization of resources
Educational factors	Commitment to and development of educational services

2. Group Level

Trade community and regional factors	Presence of and access to markets, regional inequalities
Socio-economic background	Guardian's educational and occupational background; familial participation in business activities
Training	Programs available, awareness and utilization of opportunities

3. Individual Level

Age	Age in years
Sex	Influence of sex on occupational choices

Continued

3. Individual Level - continued

Race	Indigenous or nonindigenous
Attitudes and aspirations	Reasons for going into business; attitudes towards business as an occupation; aspirations for business; attitudes about successfully run businesses
Capital	Sources of capital
Profit/loss	Information through questionnaire; impact of education
Ownership	Information through questionnaire
Training	Training received; willingness to participate in training programs

strate themselves in the size and number of businesses, the ethnic ownership of the more and less propserous looking enterprises, amounts and quality of stock if the business is in the retail trade, the location and volume of trade and the number and efficiency of employees who attend customers or are busily engaged in producing an item for sale. One is generally dismayed by the impressions of these observable contrasts because it naturally leads to conclusions about the nature of small scale business activity in Botswana and what has gone wrong there. Some of the reasons for why business activity has taken the shape that it has were discussed in the review of societal level factors which preceded this chapter. In this portion of Chapter V, a more detailed analysis of the situation is presented; the discussion is necessary in order to understand the way in which the study was carried out.

The exact number of businesses currently operating in the formal sector is not known. It is estimated that there are approximately 4,000 businesses of all types in the formal sector. This number does not include the informal sector which also acts as a training ground for indigenious entrepreneurs. At present, not a great deal is known about the numbers and activities of Batswana operating in the informal sector. This is partly due to the fact that informal sector businesses are unlicensed and unregistered with the government. Although they contribute significantly to employment and nonformal training for the sector, much more research needs to be conducted about them. As for the formal sector, there are at least two reasons why it is difficult

to establish an exact figure for the number of extant enterprises. The first is that while central government is responsible for the issuing of licenses to formal sector enterprises on a yearly basis, it is the District Councils in each of Botswana's ten Districts which is responsible for obtaining data about them. Such data is collected periodically, but it is often incomplete. A second reason is that businesses appear and disappear at such a rate that any lists which have been compiled by District officers are out of date before the data has been properly examined and analyzed by central government authorities.

Of the estimated 4,000 formal sector licensed businesses in Botswana, about half this number are thought to be owned and operated by indigenous Batswana. Of this number, the vast majority consist of small general dealerships, bottle stores and bars, restaurants and cafes, small-scale manufacturing firms, butcheries and small transportation enterprises. The other half are generally owned and operated by nonindigenous Batswana and are bigger and more profitable affairs. This group ranges from a few small general dealerships to the large-scale construction companies, automobile dealerships, large manufacturing businesses and a wide range of specialty and service type businesses.

Within the formal trade and small-scale manufacturing sectors, there are a number of important factors to be considered when trying to select a sample of business owners to interview from which generalizations about the nature of entrepreneurship in Botswana can be based. The businesses are generally found in urban and peri-urban areas and

in the larger villages. The 1979-85 Development Plan illustrates this point in its profile of the formal manufacturing sector which shows that of the 88 firms engaged in manufacturing, 84 are located in urban areas with only 4 businesses situated in the rural portions of the country.⁷ A second important factor is that many of the businesses functioning in Botswana are new. In some instances, businesses which have been granted trading or manufacturing licences do not commence trade or production until months or years after the granting of the first license. They appear on the national register of licensed businesses but do not have fixed premises. The absence of fixed premises or information about the whereabouts of the owners, beyond a postal address, makes it difficult to locate business owners and affects sampling procedures.

A third factor which affects sampling of business owners in Botswana is the fact that many of them do not reside in Botswana. This is very often the case with businesses which are owned by residents of the Republic of South Africa who employ locally based managers to look after the enterprise during their absence. This practice has important implications for any survey of entrepreneurs in that there are often instances in which the owners of businesses can only be interviewed during their periodic, and often unplanned, trips to Botswana. Similarly, indigenous entrepreneurs frequently have other jobs in addition to their businesses or they are occupied with several businesses and are difficult to contact. This is even more so the case in the rural areas where most business owners are absentee owners who have often

left the operation of the business in the hands of relatives or paid employees.

The Methodology of the Study

Sampling. The sampling of the formal sector business owners was carried out in two stages. In the first stage, the decision was made by the researcher to conduct interviews of entrepreneurs in six towns and villages throughout Botswana which varied in size and population and to cover 5% of the 4,000 licensed businesses. At present, Botswana has five towns with sizeable urban populations. These towns include Gaborone (44,000), Lobatse (19,000), Francistown (28,000), Selebi-Pikwe (25,000), Orapa (4,000) and Jwaneng (4,000).⁸ Of these, the first three existed prior to Independence, or like Gaborone, were created at that time or later. The last three, Selebi-Pikwe, Orapa and Jwaneng, are new towns which have come into existence as a result of Botswana's rapidly expanding mining sector. Botswana also has a large number of villages, some of them having populations larger than 20,000 people. Serowe (population 25,000), the tribal headquarters of the Bamangwato tribe, is a large village of this type and was included in the list of towns and villages to be sampled. Two other villages were also included in the list of villages to be sampled. These included Ramotswa, a medium-sized village of 8,800 people located to the south of Gaborone, and Otse, a smaller village (also to the south of Gaborone) which has a population of several thousand people.

The second stage of the sampling process consisted of the selec-

tion of the types of businesses to be included in the study. Given the objective of a descriptive study about indigenous entrepreneurship in Botswana, it seemed appropriate to select from the Botswana International Standard Industrial Classification, those types of businesses in which indigenous Batswana were highly represented. This decision excluded many other types of businesses, but is justified by the fact that very few indigenous Batswana are engaged in all types of businesses included in the Botswana ISIC. The number and types of businesses sampled in the study are shown in Table 2 .

In order to proceed to the actual selection of specific business owners to be sampled, a master list of all licensed and registered enterprises was obtained from the Central Statistics Office in Gaborone. From this comprehensive list of all formal sector businesses licensed to operate, all but those from the selected locations and of the types listed above were eliminated. Following this first stage of stratification, all businesses were stratified according to location and type of business activity (i.e., bottle store/bar, general dealer, etc.). From this second list, a table of random numbers was used to select the entrepreneurs to be included in the sample.

Table 3 gives an indication of the distribution of the 205 entrepreneurs chosen to be included in the survey. The table shows that the number of businesses chosen for each location is largely representative in relation to population except in the case of Francistown. This difference came about as a result of the fact that in this one northeastern town in Botswana the majority of the indigenous entrepreneurs operate

TABLE 2
Number and Types of Firms

Type of Business	Frequency	%
Bottle store/bar	16	10.1
Garment/leather/curtain manufacture	10	6.3
Small general dealer	26	16.5
General dealer	49	31.0
Transport	11	7.0
Restaurant/cafe or butchery	24	15.2
Other	22	13.9
TOTAL	158	100

TABLE 3
Location of Entrepreneurs Sampled

Town or Village	Number of Businesses	%
Gaborone	68	33.2
Lobatse	52	25.4
Serowe	31	15.1
Francistown	29	14.1
Ramotswa	19	9.3
Otse	5	2.9
TOTAL	205	100

businesses outside the urban center in the 'bush stores' which were referred to in Chapter IV.

The questionnaire. The survey instrument was drawn up over a period of several months. Some of the questions which were constructed for the instrument were derived from other studies on entrepreneurship in Africa.⁹ Other suggestions about the composition of the instrument were gathered from two principal sources. The first emanated from government officials, training officers with the business advisory services, and in one instance, an individual who had written several reports on the problems of formal sector small scale indigenous entrepreneurs in Botswana. In each instance, a draft of the questionnaire was circulated for comments and suggestions, many of which were incorporated into the second draft.

The other principal source of information consisted of a pre-testing exercise which took place in Gaborone in April, 1982. At that time, a random sample was drawn from the original list of entrepreneurs who had not been chosen to participate in the study. The writer, accompanied by a translator/research assistant, located and interviewed eight indigenous entrepreneurs. As a result of the pre-test a number of major changes were made to the questionnaire including the elimination of several questions which the pre-test had shown to be unnecessary, changes in wording of several questions and a reorganization of the section pertaining to training and technical assistance.

The final schedule contained 52 questions. The questionnaire consisted of three sections: the first to be answered by the entire

sample, the second intended for those who had some form of training or technical assistance, and the third for those who were interested in training opportunities.

Some of the questions were divided into several parts as in the case of reasons for success or failure in business and questions dealing with training and technical assistance. Interviews generally lasted 45 to 60 minutes.

Language. The questionnaire was originally written in English, the language of the researcher. In Botswana, there are two official languages, English and Setswana, both of which are spoken by many indigenous Batswana. The language of the questionnaire and that of the prospective respondents was an issue, however, in light of two factors. The first factor was that although many indigenous Batswana are fluent in English, they are often better able to understand and communicate more efficiently in Setswana, or in the case of Francistown, in one of Botswana's other major but unofficial languages, Sekalanga. The second factor related to the rural/urban dichotomy. Entrepreneurs in rural areas are generally less fluent in English because their daily exposure to it is limited. The vast majority of the customers in their shops, their employees and their relatives communicate in Setswana. This being the case, considerable effort was made to ensure that the researcher and the research assistants communicated with the entrepreneurs in the language in which they felt most comfortable. Where necessary, the questionnaire was translated into Setswana, answers were

immediately translated into English and coded on the questionnaire form. On the whole, any problems created by the language question were anticipated in advance and accommodated for prior to going to the field.

Research assistance. Prior to the six week period, mid-April to the end of July, during which the questionnaire was to be administered, three research assistants were screened, briefed and instructed in the objectives of the study, the sample population and types of businesses included in the study. Three two-hour sessions were set aside for discussion of the questionnaire, how to obtain complete answers from respondents, coding and the analysis process which would follow upon the completion of the interviewing process. One two-hour session was set aside to have the researcher and assistants complete an interview with an indigenous entrepreneur after which there was a discussion of the interviewing process and problems they could expect to encounter in the field.

All of the research assistants, two of them students resident at the University of Botswana in Gaborone and the other a resident of Francistown, were fluent in Setswana, Kalanga and English. In some instances, the research assistants were already familiar with business owners or the locations of particular businesses to be surveyed in the study. This was later seen as an asset to the study because some of the entrepreneurs were more willing to complete the interview and take the researcher and research assistants into their confidence. Following this instruction period, the research assistants went into the field, and, when not accompanied by the researcher, reported back on a

daily basis to discuss field problems, progress and failures to complete the daily quota of three completed interviews.

Reliability of the data. Efforts were made in the study to ensure the accurateness of the data and the degree of honesty with which it was reported. First, in choosing the students, colleagues at the University of Botswana who frequently conduct field research were asked to provide the names of students who had either been employed by them in the past or who had taken research methodology classes under their direction. Honesty, exactness, inquisitiveness and friendliness were the qualities required of the research assistants by the researcher. The research assistants who were ultimately employed were vetted by the colleagues who had put forth their names.

Second, cross-checks were made in ten percent of the completed questionnaires. This consisted of the researcher returning to the entrepreneur in the company of a research assistant who had not done the original interviewing, and spot-checking the answers for accuracy. This exercise netted several major and one minor problem in relation to the reliability of the data.

Of the major areas in which problems arose, the most important of these was Question 23 which requested the entrepreneur's profit. Here it was found that about 12 percent of the sample either refused to divulge this information or did not know whether they had made a profit or not. This particular problem later made it impossible to use profit as an indicator of firm success.

A second problem arose in relation to sources of initial capital

used to start the business. It was found that 63 percent of the entrepreneurs had used a combination of sources with which to start their businesses. The combinations which were most often used were those of bank loans, savings, family resources. The remaining 37 percent of the sample were straight-forward in having raised capital from government loans, cattle or farming profits, savings alone or profits from business. Post-coding was done after the interviewing process to compensate for this problem.

A minor problem which could have been a major one arose in relation to who should be interviewed. It was found that in several instances, wives, children, fathers (as male family heads but not owners), relatives and employees, the people found on the business premises most of the time, had been told by absentee business owners to complete the interview. The problem was circumvented only because the research assistants had been informed at the beginning of the implementation stage of the study that they were expected to interview only the business owner(s). This objective was achieved for 77 percent of the sample. Twenty-two percent of the entrepreneurs chosen for the sample were not interviewed. Businesses which could not be located constituted the most significant reason for loss of data, 43 percent, followed by 14 percent who refused to be interviewed and 12 percent each for businesses which had ceased operation and for business owners who could not be reached.

There were other minor problems with the questionnaire, some of which arose because of semantics; these were eliminated as consis-

tency checks were carried out. Therefore, while it is possible to say that all completed interviews were not without unintentional error, it is possible to conclude that research assistance was of a high calibre and that efforts were made to ascertain unreliability in the collected data.

Representativeness. Since Independence, government has not gathered, through the District Councils, information on the ethnic origins of business owners, although this was still being done by one district in the southern part of Botswana based on the citizenship of the owner. This in itself was not very helpful, in that many of the Europeans and Asians who have come to live in Botswana have taken out Botswana citizenship. The aim of this exercise was more than likely to assess the extent to which businesses were owned and operated by noncitizens than to ascertain their race.

Because data about businesses is gathered for licensing purposes by District Councils--of which there are ten--rather than central government, there are no reliable guides as to the actual number of businesses in operation in Botswana, thereby making it impossible to ascertain how representative the sample actually is. What might have helped, an assessment of the number of businesses in each type, was not helpful either because no records of this kind exist. For all intents and purposes, government's concern about businesses would appear to be not how many or by whom they are owned, but whether they have paid their taxes, hold valid trade licenses, the extent to which they employ or are train-

ing locals, and how much they import.

With these facts as basic limitations of the research, the 158 entrepreneurs in this study represent approximately five percent of the 4,000 formal sector businesses currently functioning in Botswana. The sample consists of entrepreneurs engaged in the trade and small scale manufacturing sector, many of whom are indigenous entrepreneurs sponsored and assisted by BEDU. The sample population does not include representatives from the many other portions of the business community in Botswana such as those engaged in agriculture, mining and quarrying, much of the transport industry, financial and business services, or other types of profit-making organizations. The entrepreneurs included in the study are representative of only certain sectors of business activity in Botswana. Because of these limitations in this largely un-researched field the study is limited in the generalizations it is able to make about the nature of all entrepreneurial activity in Botswana.

Bias. In the present study certain measures have been taken to minimize bias in the research, but there were several areas in which this was not possible. First, the choice of certain towns and villages sampled in the study was biased against the rural and most remote portions of the country. The rural and remote areas of the country have not been the focus of this study partly because considerable research is presently being conducted in the rural areas in an attempt on government's part to know more about rural enterprises and the most viable ways in which to promote additional rural income-generating projects there.

Because rural and remote area dwellers operate at disadvantages considerably greater than those residing in urban and peri-urban areas, it is thought that this research will also be applicable to their situation.

Finally, the study concentrated on particular types of business enterprises. This concentration was undertaken because many of those in Botswana's formal sector indigenous entrepreneurial class have gravitated to certain types of business activity. Had the research broadened its scope and included a larger number of types of businesses, the results would not have generated any clearer answers to the research questions posed in the beginning of the study but would have only served the function of illustrating even more clearly the extent to which the numbers and participation of indigenous entrepreneurs has fallen short of national expectations.

Characteristics of the Sample

The population of entrepreneurs in the study is quite heterogeneous and can be described in a number of ways. In terms of ethnic or racial distribution, it is about 62 percent indigenous Batswana, 22 percent European, 13 percent Asian and 3 percent non-Batswana African. Another way to look at the sample is in terms of length of time in business. About 8 percent of the businesses are new, that is, they have been functioning for less than a year, 30 percent for from one to four years in operation, 34 percent for from five to ten years and 28 percent have been in business for more than a decade. Yet another way

to look at the sample is to note their levels of education. These figures show that about 34 percent have had seven years or less of education, 29 percent have had between seven and ten years of schooling and that 37 percent have had twelve or more years of schooling.

In terms of training in business management skills, before going into business, 17 percent had received some kind of training while 83 percent had not had any kind of business management training. Ordinarily, characteristics of this kind would be compared to that of the total population of entrepreneurs throughout the country. Given the very recent interest in research into entrepreneurship in Botswana this type of comparison is not yet possible. However, data is presented in the study which compares indigenous and nonindigenous responses to the questionnaire used in the study.

Analysis of the data. The analysis aims at a simple exploration of the different variables and the relationship of these to the dependent variables, i.e., level of profit and number of employees.

Given the nature of the data, which is mostly at a nominal level, in order to establish the strength of relationship between variables, the contingency coefficient has been used.¹⁰ This coefficient, like other correlation coefficients, takes on a minimum value of 0 while the upper limit value is always less 1. No correction has been applied for variation of the upper limit. The upper limit depends on the number of rows and columns in the cross-tabulation.

This section concludes the discussion of the theoretical frame-

work, methodology of the study and the characteristics of the sample.

In Chapter VI group level factors which affect the emergence of indigenous entrepreneurs in Botswana will be presented.

End Notes

¹The model used here is adapted from Dr. Ulla Kaan's doctoral dissertation entitled, Career Development in a Changing Society: The Case of Botswana. Stockholm: Institute of International Education, University of Stockholm, 1981, pp. 27-28.

²Bernard I. Belasco, The Entrepreneur as Cultural Hero: Preadaptation in Nigerian Economic Development, New York: Praeger Publishers, 1980. p. 188.

³E. E. Hagen, On the Theory of Social Change, Homewood, Illinois: The Dorsey Press, 1962, p. 3.

⁴John R. Harris, "On the Concept of Entrepreneurship, With an Application to Nigeria," In South of the Sahara, ed. Sayre P. Schatz, London: MacMillan, 1972, pp. 5-6.

⁵Gustav E. Papanek, "The Development of Entrepreneurship," in Entrepreneurship and Economic Development, ed. Peter Kilby, New York: Free Press, 1971, p. 327.

⁶Kaan, op. cit., p. 28.

⁷National Development Plan 1979-85, op. cit., p. 203.

⁸National Development Plan 1979-85, ibid., p. 9

⁹Peter Marris and Anthony Somerset, African Businessmen - A Study of Entrepreneurship in Kenya, London: Institute of Community Studies, 1971, pp. 266-279.

¹⁰Hubert M. Blalock, Jr., Social Statistics, London: McGraw-Hill, 1972, p. 291.

C H A P T E R VI

REGIONAL INEQUALITIES, SOCIO-ECONOMIC CONSTRAINTS AND LEARNING OPPORTUNITIES FOR INDIGENOUS ENTREPRENEURS

In the previous chapters much has been said about the various societal level factors which affect the emergence of indigenous entrepreneurs in Botswana. In Chapter V the theoretical framework, methodology and characteristics of the sample were discussed. In this chapter, the writer examines the theory of central places and speculates on the ways in which regional inequalities in Botswana may function as a constraint on the development of indigenous entrepreneurs. The second portion of the chapter will bring the reader closer to the sample group which contributed to the research study. This section presents the group level findings of the study in relation to the socio-economic background of the sample. The final portion of the chapter examines the training options available to the business community in Botswana, discusses several aspects of the training services which organizations of this type provide to the entrepreneurial community, and the extent to which these institutions are being utilized by the entrepreneurial community in Botswana.

Central Place Theory and Regional Inequalities

Many studies carried out in industrialized and developing countries emphasize the importance of socio-economic background as one of the factors influencing the emergence of indigenous entrepreneurs. Sev-

eral of these studies have already been reviewed in Chapter II. In Nafzinger's study on Nigerian entrepreneurs, for example, the lack of indigenous entrepreneurship is equated with

. . . the high remuneration in competing occupations, the low level of educational attainment, the lack of appropriate training, the deficiency of experience in high level positions, the lack of encouragement by government, and socio-political barriers . . .¹

As this observation indicates, factors such as education, training and previous experience are important in the emergence of indigenous entrepreneurs. Measures of socio-economic background are also important indicators of areas in which indigenous entrepreneurs fall short in comparison to their non-indigenous business competitors. However, such indicators cannot be used as a single measure of why indigenous entrepreneurs are fewer in number or less successful in business than those who possess the attributes mentioned above.

In the context of developing countries, some writers have suggested that the use of measures of socio-economic background are not as informative in analyzing certain social problems as are variables such as regional inequalities. Kann states that

In the nation-building process of newly independent countries, it is not always the inequalities between different socio-economic groups in the country that is the main concern, but rather the inequalities between geographic parts, sometimes inhabited by different ethnic groups.²

This statement is very relevant to the situation which exists in Botswana today. Few who live in Botswana would deny that severe rural/urban, center/periphery differences exist. Unequal regional development has long been an issue of public concern and remains a negative

aspect of Botswana's development strategy. Critical reports about this inequality are increasing because the fruits of development only slowly find their way to the rural areas. In the Rural Income Distribution Survey in Botswana 1974/75, it was shown that people who live in small villages are worse off than people in large villages.³ Colclough pointed out in 1976 that insufficient educational resources were most extreme in the rural areas and smaller population centers, rather than in the towns,⁴ and Kann stated that in relation to achievement at primary school level, "it matters more to a student where he/she lives in a district than in what district he/she lives."⁵

Of the most recent studies produced in Botswana concerned with either industrial or commercial indigenous entrepreneurship, only one has sought to identify and analyze the importance of regional equality and the effect this has had on indigenous entrepreneurship. The writer believes that some attention should be devoted to this group level factor in order to explain further the constraints under which indigenous entrepreneurs must operate.

Trade communities. In entrepreneurial literature, trade communities have at times been referred to in terms of competing ethnic groups. An example of this is the North/South dichotomy in Nigeria where Yorubas and Ibos of the south resent competition from the Hausas of the north and each views the other as interlopers should they attempt to set up business in the territory of the other. Another theme has been to focus on alien groups which have come to dominate trade, an example of

which would be the Lebanese community in West Africa or Asians and Europeans in East and Southern Africa. In addition to such dichotomies, however, there exists another comparison which juxtaposes the urban trader and the rural trader, the variance between the two being largely a matter of access to high level centers.

Studies of regional inequality concentrate on how certain social conditions vary systematically between different geographical areas. Such differences can be caused by geographical or physical conditions such as the concentration of food production in a particular portion of the country because it receives higher rainfall. Other forms of regional differences may center around political and economic considerations as in the Eastern portion of the United States where industrial development, the major banking houses, cultural centers and prestigious educational institutions are centered.

In Botswana, it is suggested that region be defined as a spatial factor in the development and promotion of indigenous entrepreneurship. D. C. Funnell, who has written extensively on the "central place theory" in the context of East African entrepreneurship, interprets the theory this way:

In its classical form the Christaller model of central places depends upon the emergence of a competitive equilibrium over space. Centers provide functions which cater for discrete areas; business enterprises require a large enough area from which to derive sufficient revenue. Thus an interlocking lattice of market areas emerges.⁶

Historically, Botswana has always lacked "an interlocking lattice of market areas." Settlements, where they have appeared, have usually

been either tribal headquarters, or results of historical accidents.⁷ Also, the concentration of basic services and retail outlets in central places has had the overall effect of discouraging settlement outside towns and villages resulting in overtrading in a few centers and an absolute lack of retail outlets outside the centers.

According to Christaller's model, which is adapted below, settlements are organized according to their special characteristics. A hierarchy results in which higher level centers have all the attributes of the lower level centers, whereas centers at the same level have similar sets of activities and the emergence of specific higher order functions in the hierarchy is an indication of the level of the center.⁸

High Level Centers	Abundance of goods, foodstuffs, all social services and activities.
Medium Level Centers	Some goods, foodstuffs, some social services and activities.
Low Level Centers	Few goods, foodstuffs, few social services and activities.

Figure 6. Central Places in Botswana

Such a hierarchy was tested in Botswana in 1974 when Kann analyzed 62 centers in Botswana in terms of services they provide--administration, finance, industrial, wholesale, retail, transport, tourism, education, professional, physical services and social services. Botswana

was divided into four "node" orders of which Gaborone and Francistown were the first, Lobatse and Selebi-Phikwe the second, large traditional villages the third, and smaller villages the fourth. Although the study contains several flaws (such as the fact that the size of the centers was based on their population and did not consider the fact that these centers provide services to residents in the surrounding areas as well⁹), It provides a basis for an examination of the extent to which entrepreneurship is aided or hindered by the region, or part thereof, in which a business is located.

Regional inequality. For those engaged in trade, being located close to the higher level centers is important. These centers are able to provide vital services and more importantly for the entrepreneur, access to government offices, financial institutions, communications, water and electricity, extension services, transport and wholesale outlet and exposure to new and innovative ideas and practices. In Botswana's case, the vast majority of the population, including business people running small-scale businesses, reside outside the higher level centers and therefore lack access to new ideas and practices, goods, services and institutions which are instrumental in encouraging and promoting indigenous entrepreneurship.

Data was not collected on the role played by regional inequalities on the business activities of the entrepreneurs in the sample, but certain aspects of the theory of central places, when applied to regional development in Botswana, would seem to suggest that differences in

the magnitude of development in rural vs. urban environments may have a negative effect on the emergence of indigenous entrepreneurs.

One interesting aspect of the Christaller model appears in relation to the present distribution and types of trade licenses held by those in business in rural/urban communities and least and most developed Districts. At present, Asians and Europeans own considerable more of the trade establishments in what have been called central places. This would seem to be the case in the major towns and villages along the line of rail and especially true for the central places in the least developed districts.

Part of the answer to this distribution may lie in Botswana's commercial history which saw the majority of the general dealer's trading licenses going to Asians and Europeans. The creation of the small general dealer's license enabled some indigenous Batswana to establish themselves but also prevented African businesses from being located closer than five miles from a general dealer--primarily Asians and Europeans--thereby excluding Africans from trading in most villages and towns. Although things have changed since Independence, the pattern of distribution of general dealer's licenses being concentrated in the hands of nonindigenous business people and the small general dealer's licenses persists. Moreover, few Africans have been able to establish businesses in the trading centers in towns because the buildings in which businesses are located tend to be owned by Asian and European interests. This situation would seem to apply for virtually all of the major towns and villages in Botswana and to be particularly noticeable

in areas such as Kgalagadi, Northeast, Ngamiland and Ghanzi Districts where underdevelopment is most severe.

For those indigenous Batswana engaged in trade, being close to the present high and middle level centers is vital. These places have the social and business services, major transportation networks, telecommunications, luxury goods and amenities which are required for business and desired by those who live in rural areas. The situation suggests that the entrepreneurs' lack of access to basic services, the long, expensive and time-consuming journeys to middle and high level towns and villages for stock, repairs and maintenance of equipment, banking services, etc., and the higher prices they must charge disgruntled consumers in order to cover their transportation costs to the centers might be an additional deterrent to engaging in business.

If there is a connection between these factors which future research can substantiate, it would advance the hypothesis suggested here that the adverse conditions invoked by living away from high and middle level centers is a constraint on indigenous entrepreneurial development. There is further evidence that there may be some substance to the argument advanced above in recent statements made by the central government, revealing its intention to decentralize its offices:

Government intends to limit its own future investment in Gaborone and to locate its own activities elsewhere--in other towns and particularly the rural primary centers--so as to provide a positive stimulus to these centers and to avert the danger of Gaborone's growth sucking in an increasing disproportionate share of national resources.¹⁰

The constraints which work against the indigenous entrepreneur in

Botswana are many. If future research can substantiate the argument advanced here that the disparity between rural/urban and central/periphery development works against the enterprising rural entrepreneurs then regional inequalities may be seen as an additional constraint on the emergence of indigenous Batswana entrepreneurship.

Summary. The preceding section discussed the central place theory and the possible influence of regional inequalities on the emergence of indigenous entrepreneurs in Botswana. It has been suggested that in addition to other constraints already discussed, it would appear that there is a relationship between the level of development of a town or village and the emergence of indigenous entrepreneurs. Future research will have to be conducted to substantiate this hypothesis.

Two major sections will conclude the examination of group level factors affecting the emergence of indigenous entrepreneurs in Botswana. The first section presents findings from the study which pertain to the socio-economic background of the sample and how these factors relate to entrepreneurial emergence. The final section of the chapter discusses training organizations and programs available in Botswana, some of the programmatic problems faced by these agencies and the level of awareness of these programs among entrepreneurs in Botswana.

Socio-Economic Background of the Sample

Findings: socio-economic background. Class origins and the advantages which accrue to certain individuals by virtue of accidents of birth are

issues which are alluded to in the literature on entrepreneurship and economic development. Writers on the subject have tended to praise the achievements of the capitalist entrepreneur without explaining to any large extent how these achievements were attained. Schumpeter, for example, refers to the nobler characteristics of entrepreneurs who he says arise out of all classes, are the vanguard of innovation, are men who dream of future possibilities and who will brook adversity in order to be successful and to experience the joy of creation.¹¹

McClelland characterized entrepreneurs as individuals who engage in a moderate degree of risk, whose decision-making is based on skill rather than chance, who enjoy individual responsibility, who derive inner satisfaction from a job well done, for whom money is a reward rather than a career goal, and for whom long-term planning and organizational capabilities are an investment leading to business success.¹² Nafzinger and Balesco concluded that the literature extols the entrepreneur as a heroic figure.¹³

For those who are familiar with the day-to-day activities of entrepreneurs, it is clear that the profession is not as noble, glamorous or romantic as many have imagined. Moreover, although entrepreneurs tend to arise from all classes and use their organizational skills in developing and promoting their business activities, it appears that entrepreneurs are more likely to emerge from a particular type of background. This section presents the findings on the socio-economic background of the entrepreneurs in the sample, points out the probable sources of indigenous entrepreneurs in Botswana and discusses the ex-

tent to which socio-economic background influences the emergence of indigenous entrepreneurs in Botswana.

In Botswana, the coming of Independence and the period of economic boom which followed did not remove the advantages of ascribed status in Tswana society. The effect this period did have was to alter traditional concentrations of social power, prestige and mobility and increase the number of routes to wealth and status. These changes came about in response to at least two changes within Tswana society. The first was that with Independence, much of the power which had previously rested in the chief was reallocated to elected and appointed bodies. As a result, the traditional route to social status, i.e., one's relationship with the chief, was no longer an assured route to social status and upward mobility.

Second, the period of physical development which followed Independence, the expansion of the civil service, and the push to provide formal education to the nation's youth, helped to create new roles for indigenous Batswana which had not existed under the colonial administration. One of these new roles was that of the small business person.

The type of person who became involved in business in Botswana in those early days of development and expansion was not generally the traditional noble who, in any event, had little need to enter trade given his traditional status in the community, his personal wealth in the form of land and cattle, and his established social and political influence. Those who did become engaged in business activity were from more common stock. Although they might lack the privileged status and

wealth found among the nobles, they were either wealthy in terms of cattle and had expendable capital and income, they were naturally enterprising individuals, or they were part of the new elite who had had access to formal education and careers in the civil service or teaching. This latter group may be, in Botswana's case, the one to which Dobb referred when he wrote that some individuals are more likely to engage in business than others given their ready access to capital, greater information and mobility, superior education and training, and privileged access to concessions from government.¹⁴

Findings derived from the sample indicate that the indigenous entrepreneur in the urban and peri-urban centers in Botswana has a higher level of education or training than that of the general population and that he was formerly employed in a skilled or managerial type position in government. Other socio-economic background variables relevant to entrepreneurship include educational background of parents, occupation of guardian and the guardian's previous work experience. The focus of this section will be on these variables.

Educational attainment. Table 4 shows that of the indigenous Batswana engaged in trade and small-scale manufacture, the proportion of guardians who had more than seven years of schooling is very low. This of course is to be expected given the historical overview of educational and social services development in Botswana prior to Independence. Of the present sample, 82.7 percent of indigenous guardians had had seven years or less, 14.3 percent had 10 or more, and 3.1 percent had more

than 10 years of schooling.

TABLE 4
Education Attainment of Guardian

	Batswana		Non-Batswana	
	N	%	N	%
Standard 7 or less	81	82.7	33	55
J.C. or Trade	14	14.3	8	13.3
"O" Level of University	3	3.1	19	31.7
Total	98	100	60	100

Table 5 shows that there has been substantial educational advancement of the sample group compared to their guardians in the recent past. The average educational level of the sample is 10 years of schooling.

Both groups have a higher standard of education than the general population. Statistics on age structure and education and figures on enrollment rates indicate that at present 16 percent of the population (seven year or older) have a minimum of 7 years schooling.¹⁵ Of the sample population, 51% of indigenous Batswana and 90% of nonindigenous entrepreneurs have at least seven years of schooling. However, when the two groups are separated, e.g. indigenous Batswana versus non-indigenous entrepreneurs, the indigenous group averaged 7 years of schooling compared to 12 or more years of schooling for the nonindige-

nous group.

TABLE 5
Education Attainment of Sample Population

Educational Attainment	Batswana		Non-Batswana	
	N	%	N	%
Standard 7 or less	48	49	6	10
J.C. or Trade	27	27.6	18	30
"O" Level/University	23	23.5	36	60
Total	98	100	60	100

These findings point up at least three factors which need to be taken into account when devising support systems for indigenous entrepreneurs; first, that at present most of the individuals engaged in trade or small-scale manufacture have relatively low levels of formal education which might, under present circumstances, have the effect of limiting the type, size, income, and employee-generating capacity of businesses operated by indigenous entrepreneurs. Second, the present low levels of formal education attained by the present indigenous entrepreneurs has implications for the type, level, content and materials of educational programs from which indigenous entrepreneurs can benefit; and three, although the indigenous entrepreneurs have increased their educational attainment in comparison to their guardians, they still fall far behind the nonindigenous entrepreneur whose higher level of education, experience, training and organizational skills have enabled

them to overtake the indigenous entrepreneur. In short, although indigenous entrepreneurs have made progress in terms of attaining higher educational levels than the general population, with whom, under different circumstances, they might have expected to compete for business opportunities, they have not progressed as rapidly in relation to their real competitors for business and markets, the nonindigenous entrepreneurs who maintain a strong control over business and commerce.

Occupational background. The historical portion of the study has already provided information which indicates that few of the guardians of the present indigenous entrepreneurs were engaged in trade or small-scale manufacture. Other studies have shown however, that the previous careers give an indication of the occupational group from which they came. Based on this information it is possible to trace the social and economic influences which have motivated individuals to become business-oriented or as Somerset and Marris noted, "the interaction of frustration and opportunity which seems so often to generate entrepreneurship."¹⁶

In the present study, we will first examine the occupational background of the guardians of the entrepreneurs studied in the research. Following this, we will examine the occupational origins of the sample population itself.

Occupation of guardian. The economic status of guardians was classified by the writer on the basis of information about their occupation. Fathers engaged in agriculture as subsistence farmers, farm

workers or unskilled workers were classified as low status. Table 6 shows that among indigenous Batswana, 67.3 percent of guardians were low status, being either unemployed, engaged in subsistence farming or cattle rearing, or were totally without marketable skills compared to 13.4 percent for the nonindigenous group. 32.7 percent of the guardians of indigenous Batswana in the sample held jobs in the civil service, skilled, professional or managerial positions while 86.6 percent of the nonindigenous group came from homes where the guardian was either a skilled worker, or held a managerial position.

TABLE 6
Occupation of Guardian

Occupation	Batswana		Non-Batswana	
	N	%	N	%
Unemployed	20	20.4	4	6.7
Farming, Cattle or Unskilled	46	46.9	4	6.7
Civil Servant, Business, Professional, Managerial or Clerical	27	27.6	50	83.3
Skilled Labor	5	5.1	2	3.3
Total	98	100	68	100

Taken together, categories three and four in Table 6 show 32.7 percent of Batswana guardians engaged in skilled, clerical or managerial positions, which is high when one considers the fact that

Botswana is a country where only 17.6 percent of the entire work force is employed in the formal sector and that until recently there were very few jobs available in either the public service or the private sector. On the other hand, the findings indicate that two-thirds of the present sample of indigenous entrepreneurs came from homes in which guardians were unemployed, unskilled or engaged in low-yield agriculture or cattle rearing. This latter figure lends substance to the hypothesis that trade and manufacturing have become viable occupational areas for Botswana which are being utilized by increasing numbers of people who have abandoned the traditional routes to social mobility and the traditional means of income generation, namely, cattle rearing and agriculture. It would also appear to be a positive indicator of the extent to which indigenous Botswana are willing to embark upon ventures of this kind.

Previous occupation of the sample. In regard to the findings for the present sample, Table 7 shows that 15.3 percent of the indigenous group were formerly hawkers or self-employed. These figures would seem to imply that increasing numbers of indigenous Botswana are engaging in trade or small-scale manufacture but still not in numbers as large as those from the nonindigenous group. The fact that such small numbers of indigenous Botswana started their careers either as hawkers or self-employed would seem to indicate that as yet, although business is an occupational alternative for some, trade or manufacture are still not very attractive income-generating options and that the civil service, the previous occupation for 50 percent of the indigenous sample, con-

tinues to pull many Batswana into its ranks.

TABLE 7
Previous Occupation of Sample Population

Previous Occupation	Batswana		Non-Batswana	
	N	%	N	%
Unemployed	8	8.2	14	23.3
Hawker or Self-employed	15	15.3	18	30.0
Civil Servant, Managerial, Professional or Clerical	49	50.0	23	38.3
Farming, Cattle, Unskilled	16	16.3	2	3.3
Skilled	10	10.2	3	5.0
Total	98	100	60	100

The civil service as the starting point for many indigenous Batswana entrepreneurs has important implications for the emergence of indigenous entrepreneurship in Botswana. On the one hand, the civil service has emerged as one of the well-established routes to stable employment since Botswana's Independence. The civil service is an important source of training and involves, unlike business, little risk-taking. The civil service also provides the training ground where many indigenous Batswana are exposed to and acquire organizational skills, experience and confidence which makes business opportunities appear as an acceptable undertaking. For those individuals who leave the service

altogether, business activity has appeared to be a viable alternative to the frustration and job dissatisfaction they may have experienced there.

For the present sample, occupational frustration was cited as the second major reason for going into business preceded only by those who had done so to earn a living.

On the other hand, present government regulations regarding civil servants and their involvement in business has had a negative effect on the development of indigenous entrepreneurship in Botswana. Present statutes¹⁷ pertaining to employment in the civil service make clear that as long as an individual is employed by government, he may not engage in any activity which interferes with his employment situation. The overall effect of this statute has had several outcomes. First, because the civil service is the main source of educated and trained Batswana, these individuals are unable to participate directly in the development of indigenous entrepreneurship in Botswana. Few Batswana have been willing to leave their positions in the civil service for the insecurity of the business world. Second, the present system has made it common practice for those civil servants who are keen to take advantage of entrepreneurial opportunities to do so in a surreptitious manner such as registering a business in the name of a wife/husband or close relative or identifying such a person as the manager when in fact the civil servant is running the business after government business hours.

For the nonindigenous group in the sample, the civil service has

not been as important as a major source of employment opportunity. this is indicated by the finding in Table 7 which shows that for the nonindigenous sample, twice as many non-Batswana were hawkers or were self-employed before their present business activity. The likely implication of this finding is that the non-Batswana, especially in light of their low participation in farming and cattle-rearing, have had fewer possibilities of earning a living in a small economy such as exists in Botswana. And, as there existed a virtual vacuum in the trade sector, this vacuum was filled by non-Batswana who either came to Botswana specifically for the purpose of engaging in trade, such as the Asians, or were able to identify and take advantage of business opportunities as in the case of many Europeans and non-Batswana Africans.

Education and rate of profit. Before concluding this section on socio-economic background factors which influence the emergence of indigenous entrepreneurs there will be a short discussion of the relationship of educational attainment levels of the entrepreneurs in the study and the rates of profit of their businesses. The purpose for this discussion is to examine the influence education has on entrepreneurs' ability to make a profit in their business activities.

In Nafzinger's study of Nigerian entrepreneurship and the Marris and Somerset study of Kenyan entrepreneurship,¹⁸ education and the rate of profit were compared in order to ascertain whether education and training had an influence on the amount of profit derived by indigenous entrepreneurs. Nafzinger found a negative relationship between entre-

preneurial education and profit rate while Marris and Somerset found a direct relationship between the success of an enterprise and the education of its owner only amongst the small businesses in the market centers but not in the more sophisticated business establishments.

A measure was employed in this study whereby the rate of annual profit¹⁹ was identified as an independent variable from which it might be possible to ascertain if profit rates of individual entrepreneurs had been influenced by their educational level or training. The rate of annual profit was derived by asking entrepreneurs what their profit had been for the previous financial year. This information was compared to their stated levels of education and the result used to determine whether those with higher education levels made higher profits than those with lower educational levels. Table 8 shows that there was a negative relationship between education and profit rate for the 98 indigenous entrepreneurs while Table 9 shows a positive relationship between education and profit rate for nonindigenous entrepreneurs.

Several problems arose during the data collection stage which have implications for the results presented in Tables 8 and 9. Although respondents were assured that their responses would be kept confidential, some refused to give any information, some gave misleading information and a small minority did not know whether they had made a profit or not. It was not possible to check the validity of the answers and so the findings represent a very rough estimation of rates of profit.

With these limitations in mind, Table 8 shows that of the indige-

TABLE 8
Relationship of Education and Firm Profit
INDIGENOUS ENTREPRENEURS

Profit in Pula - Thousands*	Std. 7		J. C.		O Level	
	N	%	N	%	N	%
1-5	19	19.4	8	8.2	11	11.2
5-15	14	14.3	13	13.3	6	6.1
15+	3	3.0	2	2.0	2	2.0
Total	36	36.7	23	24.5	19	19.3

* Excluding those who did not respond

TABLE 9
Relationship of Education and Firm Profit
NONINDIGENOUS ENTREPRENEURS

Profit in Pula - Thousands*	Std. 7		J. C.		O Level	
	N	%	N	%	N	%
1-5	0	0	2	3.3	4	6.7
5-15	2	3.3	10	16.7	18	30.0
15+	0	0	6	10.0	7	11.7
Total	2	3.3	18	30.0	29	48.4

* Excluding those who did not respond

nous entrepreneurs, almost 50 percent had had seven years or less of formal schooling. Of this number, about 20 percent reported having made a small profit of between 1 to 5 thousand Pula. Fourteen percent reported having made a profit of between 5-15 thousand Pula and only 3 percent said they had made over 15 thousand Pula profit in 1981.

There are several explanations which help to clarify the negative relationship between educational levels and rates of profit for indigenous entrepreneurs in Botswana. First, it has already been established that indigenous Batswana have had less education than their nonindigenous competitors. This accounts for the concentrations of minimally educated indigenous Batswana in the lowest educated range but does not explain their low profits. For the small general dealer, a Standard 7 education is generally sufficient to cope with the elementary demands of a business which has few employees and makes a minimal profit whereas it is insufficient for a complex and sophisticated enterprise where the intellectual and organizational demands on the entrepreneur would be much greater. The lack of education can also be explained in terms of time and money spent in obtaining further formal education or training which have not been viable options for most of the indigenous Batswana entrepreneurs. In the first instance, Botswana's economic situation has had the effect of pushing individuals to begin earning a living as soon as possible and secondly, there have been and continue to be very limited educational opportunities in Botswana for formal education or training in areas which complement small-scale indigenous entrepreneurial activity.

The findings for indigenous entrepreneurs also showed that few Batswana with high levels of education were in business activity. This may be partly explained by the rather inconsequential types of businesses which the majority of indigenous Batswana have undertaken where the remuneration received for one's efforts is small and the conditions harsh. Although the personal profits derived from business may be sufficient for entrepreneurs with little education who in any case runs a business to supplement his/her other business activities, e.g. cattle and/or agriculture, the same amounts would not be acceptable to the better educated Batswana who, because of the high demand for their services in the civil service and the private sector where salaries, conditions of service and other benefits are substantially better, have higher standards of living costs and who are well paid and secure in their present positions. Batswana who would be interested in careers in business but are currently employed by government are debarred from engaging in such activity and are forced to choose between the civil service and economic security and risky business activities and economic insecurity. Relatively few have been willing to take this sort of economic risk.

For those indigenous entrepreneurs who had had up to 10 years of schooling the largest concentration of 13 percent was in the 5-15 thousand Pula profit range, while indigenous entrepreneurs with higher educational levels were fewest in number and reported to have made the least amount of profit. In this group 11 of the 19 respondents reported having made a profit of between 1-5 thousand Pula.

A look at the findings for the nonindigenous entrepreneurs presents a different picture altogether. Again, the data is incomplete or presents only a rough estimate. The results presented in Table 9 show that 70 percent of those who responded had made a profit of 5 thousand Pula or more and had 10 or more years of schooling in comparison to the indigenous entrepreneurs who had reported having had both less education and lower profit rates. These figures show that the nonindigenous entrepreneurs are better educated than the indigenous entrepreneurs and that they operate more profitable businesses. The study has not, however, been able to establish the extent to which a combination of factors such as fewer career options, previous experience and training, better business connections and other factors have influenced the rate of profit of nonindigenous entrepreneurs.

Summary. The findings of the present sample have shown that socioeconomic background has some influence on the emergence of indigenous entrepreneurs in Botswana. Few of the indigenous Batswana in the sample came from homes where their parents had been involved in trade activity. The findings indicate that although some indigenous Batswana in the sample have higher educational attainment levels than their guardians, they have not generally chosen trade or business as their first career choice. Instead, the educated Batswana have opted for secure positions in the civil service or similar type positions in the private sector.

There appear to be several reasons why trade has not been a very

attractive career choice for many indigenous Batswana. First, for those in the civil service, government regulations have prohibited their participation in activities which could interfere with their civil service activities. Second, the security which the civil service provides, in comparison to the risk, long hours and at times, meager remuneration associated with business activity has served as a disincentive to engage in business. Third, for many indigenous Batswana, including those with higher educational attainment levels, agriculture and cattle rearing as principal traditional activities which fulfill social aspirations and societal expectation are generally considered to be more lucrative than careers in business. This choice is partly based on the position of cattle and land in the traditional culture and based on the fact that for the moment, cattle and land continue to provide the society with much of its readily available domestic income. However, the rising costs of both of these major income earners is already showing signs of collapse as the younger people are increasingly unable to amass or sustain large herds as was common during the day of their parents and older relatives. And it is likely, that with time, these two traditional ways of income generation will decline for economic rather than social reasons and in this way make room for other income-generating occupations such as trade and manufacture to become more attractive to potential entrepreneurs.

Other factors which may also influence the emergence of indigenous entrepreneurs but which have not been treated in the present study include fixed career aspirations, limited career options in business, a

low desire for situations demanding a degree of risk-taking and perhaps a reluctance to be innovative. These areas of influence must be the focus of later research activity.

For those who have gone into business, the influence of socio-economic background appears to be marginal in comparison to factors such as career frustration, family wealth, on-the-job training, inability to gain access to public or private sectors due to low educational achievement or the presence of government assisted schemes for promoting indigenous entrepreneurship. Factors such as these are an indication of the existence of a subgroup who have turned to entrepreneurship as their route to social status and accruing personal wealth or self-fulfillment.

For those who have started their adult careers without the support of wealth or status, they have done so by persistence, by engaging in hawking or petty trade financed in part by government loans, savings or the sale of cattle and have subsequently been encouraged by the results of their efficient management of their business enterprises. One such example of this type of indigenous entrepreneur is Patricia Molema.

Case Study: Patricia Molema

Patricia is 42 years old and has four children, the youngest of whom is 14 years old. Patricia comes from a poor family, neither of her parents having had more than three years of formal education. Patricia does not remember the family herd ever being more than ten cattle and a few goats. Patricia received six years of schooling in South Africa where she was sent to live with relatives to 'help out' around the house in Soweto while her aunt and uncle worked in factories in Johannesburg. After her schooling she found work in a shoe factor. She worked

in the factory for a number of years, gradually learning the various aspects of the trade and considers herself to be an artisan. She returned to Botswana after Independence. Following her return to Botswana she heard about the BEDU program and was accepted for training in their indigenous entrepreneur's program along with a friend who had had a similar work experience in South Africa. The two women formed a company and set about producing sandals and leather handbags for sale in Botswana. They worked well together for some years but after some time it became apparent to Patricia that she was carrying more of the work load than her partner who seemed always to have an excuse to be away from the factory while still sharing in the profits. Patricia finally decided that she would prefer to go it alone and dissolved the company, taking on the debts accrued during her partnership. Patricia now feels that although she is solely responsible for the functioning of the business, for which she has not had the opportunity to learn a great deal about the organizational and financial aspects, she is doing moderately well as a result of her adherence to a strict regime of monitoring inputs and outputs, a willingness to take advantage of opportunities which arise and a real desire to see the business prosper. She recognizes the fact that with her limited education and at her present age, she has little chance of obtaining a job either in the public or the private sector and must make a success of her business. Although Patricia is still paying off her previous debts, she is optimistic that the business will continue to prosper. She has plans for expanding the business in the next twelve months.

Learning Opportunities for Indigenous Entrepreneurs

The final portion of Chapter IV discusses the educational services available to the indigenous entrepreneur in light of the contextual factors which have been discussed above. This section concludes the presentation of societal level factors which affect the emergence of indigenous entrepreneurs in Botswana.

By the end of the first development decade it was apparent that indigenous Botswana had not advanced in the trade sector as rapidly as they would have liked. Although they held the majority of the small

general dealer's licences, 86 percent of the restaurant licences and 70 percent of the fresh produce licences, the specialist trades and virtually all of the industrial enterprises with the largest turnovers in sales were still dominated by non-Batswana.²⁰

In terms of training and experience, indigenous Batswana had also developed less rapidly than might have been expected. Results from earlier research²¹ have shown that most indigenous Batswana have not been exposed to any business management training and that many of the businesses presently held by indigenous Batswana are less than ten years old.

Government's intentions to support the efforts and needs of indigenous entrepreneurs can be found in almost all of the Development Plans produced since Independence. However, if the numbers of self-supporting indigenous entrepreneurs who have emerged from government supported schemes and the policy, planning and development of business advisory service is an indication of present government commitment to executing its intentions, then government support would appear to be lacking in determination and conviction.

At this point it might be useful to reiterate the importance of the trade and manufacturing sectors and their role in national development. Earlier it was stated that for the purposes of this study small businesses include those in which the operational and administrative management lie in the hands of one or two people who are responsible for making the major decisions of the enterprise. In developing countries small-scale enterprises constitute the majority of registered

businesses and are usually to be found in the industrial sector. In Botswana however, the opposite is the case; the industrial sector is dominated by expatriate expertise and indigenous entrepreneurial efforts are just beginning. The commercial trade sector on the other hand represents an area where indigenous Batswana have become actively involved since the last World War.

There are social, economic and political reasons why more emphasis should be focused on the development and promotion of indigenous entrepreneurs. On the social level, this group of indigenous entrepreneurs represents a prime source of potential social and economic innovators who, through their involvement in trade and small-scale manufacture, assist in the transition of Tswana society from a traditional barter system to a cash economy. Indigenous entrepreneurs also play a part in introducing new attitudes and innovations in a society which is already in transition. Economically, indigenous entrepreneurs supply consumers with a range of goods and services which fall outside the responsibility of government and they help to create employment possibilities. Politically, it is to the advantage of the present government to be seen to take an active part in the promotion and development of indigenous entrepreneurship, particularly in the aftermath of the recently released Presidential Commission of Economic Opportunities in Botswana in which citizens make clear their desire to take a more active role in Botswana's economic development. Such a role can be played by the indigenous entrepreneur if government takes steps to assist Batswana to take on the unique demands of entrepreneurial activity

and makes a clear effort to draw indigenous entrepreneurs of all types closer to the development objectives stipulated by government which intimate its intention to foster and promote indigenous entrepreneurship in the context of overall economic growth of the nation.

One of the ways in which indigenous entrepreneurs can be assisted to develop their entrepreneurial capabilities is through the provision of training and technical assistance services which aim to improve business practices and the potential for business success.

In the present study on entrepreneurship in Botswana, the findings have shown that about 16 percent of the entrepreneurs included in the study had had business management training or taken advantage of technical assistance opportunities. A review will now be presented of the institutions which have been created to cater to the educational and technical needs of the indigenous entrepreneurs in Botswana. Specifically, this section will discuss the extent to which such institutions have been able to perform their tasks and the level of utilization being made of these institutions by indigenous entrepreneurs.

Educational services. According to a handbook produced by the Department of Nonformal Education²² there are four institutions in Botswana which provide the commercial community with educational services. These are the Botswana Enterprises Development Unit (BEDU) which provides indigenous entrepreneurs with training and technical assistance, the Business Advisory Services/Partnership for Productivity (BAS) which provides instruction in business management, and the Institute for De-

velopment Management (IDM) which designs and implements training courses for learners with specific training needs.

The approach taken in the study to gather information about these organizations has been to review published documents and to hold interviews with directors and training officers about the services available to indigenous entrepreneurs. The results of these discussions are presented below.

Batswana Enterprises Development Unit (BEDU). BEDU was created by the government in the mid-1970's in response to the slow expansion of Batswana-owned and operated manufacturing enterprises. Its primary objective was to assist indigenous entrepreneurs in establishing self-sustaining small-scale manufacturing enterprises which would have a positive effect on the economy by helping to decrease the number and types of goods which had to be imported from abroad, increase the number and types of goods which could be exported from Botswana-based firms, and to provide and generate local employment. Local enterprises would be assisted in meeting these objectives through a combination of financing and support services from the government and training in business management skills.

Batswana who were interested in starting businesses were invited to submit applications to the Ministry of Commerce and Industry. Basic requirements were that individuals have some technical skill and experience in the proposed areas of production. Those who were accepted into the program would receive financial assistance to start and maintain their businesses for a reasonable period; they would receive train-

ing which would introduce them to the fundamentals of business management and also technical assistance in starting production in goods such as textiles, metal and leather work, pottery, jewelry, etc. Each entrepreneur was to work under BEDU sponsorship for a period of two years by which time it was thought that indigenous entrepreneurs would leave BEDU and continue their business activity in the various towns and villages throughout Botswana.

By the late 1970's, however, it was apparent that BEDU was experiencing difficulties in meeting its objectives. Chief among these problems was the fact that few of the BEDU enterprises were moving toward self-sufficiency. This lack of self-sufficiency meant that the indigenous enterprises continued to require government financing in order to operate. These unexpected costs also precluded the expansion of the project so that other indigenous Batswana could be invited to take part in the project. Also, it was apparent that indigenous entrepreneurs had not acquired the skills in business management which they were supposed to have gained by the end of the two-year period.

By the late 1970's it has also been established that there were a number of contextual factors which affected the viability of the BEDU experiment in promoting indigenous entrepreneurship. These included the fact that the types of enterprises supported by BEDU were negatively affected by competition with South African industries which already controlled much of the market into which the Batswana enterprises were trying to enter. Further, the limited market for goods produced by the indigenous entrepreneurs was too small to support both the South African

interests and also consume the goods produced by local indigenous entrepreneurs. In short, the economics of the situation, i.e., South African industrial hegemony, mitigated against the fledgling enterprises in Botswana ever making any major inroads in controlling the market in areas of production chosen by the BEDU enterprises.

There were also a number of other factors which threatened to make BEDU less than effective in its attempts to promote self-sufficient indigenous enterprises in Botswana. One of these factors was the training program, the objective of which was the transmission of business management skills to indigenous entrepreneurs. As early as 1978 it was clear that the training component of the program had not met the expectations of the indigenous entrepreneurs.²³ The training program was unable to successfully transmit the fundamentals of business management to indigenous entrepreneurs for at least two reasons. First, the system by which personnel were provided to operate the training program for indigenous entrepreneurs was one over which government had little control in selecting trainers who had the necessary training, experience and conceptual understanding of the issues involved in entrepreneurial promotion in a developing country. The training officers who worked under BEDU and who were responsible for indigenous entrepreneurs' training were mainly Peace Corps volunteers who were young, recent graduates who generally lacked any real knowledge about the world of business. Second, not being acquainted with the business world, they were unable to diagnose, organize and administer a training program for indigenous entrepreneurs which suited the exigencies of small-scale

manufacture in a developing country.

One of the outcomes of the inappropriateness of Peace Corps volunteers in the role of trainers of indigenous entrepreneurs in Botswana was the evolution of a paternalistic attitude towards the entrepreneurs which resulted in the trainers doing the majority of the work that the entrepreneurs were supposed to have been trained to perform. A cycle was therefore started in which training officers came to Botswana and found themselves unable to deliver the training they had been assigned to do. Conversely, entrepreneurs found themselves unable to perform the business management tasks they were expected to perform in the normal operation of their businesses and hence, turned to the trainers for assistance. The trainers, being aware of the fact that entrepreneurs could not perform business related tasks, would perform the tasks which should have been completed by the indigenous entrepreneurs.

This situation was further complicated over time in that with each successive group of Peace Corps volunteer trainers who came to Botswana on two year contracts, the same programmatic problems persisted and indigenous entrepreneurs continued to go untrained and were therefore unable to carry out the basic business management tasks expected of them as the owners of small-scale businesses. By the end of 1980, it could be said that the indigenous entrepreneurs had been taught several different approaches to bookkeeping but very little else.

A second factor which had the effect of limiting BEDU's success as an institution for promoting indigenous entrepreneurship was the outcome of an attempt to redirect BEDU's activities and utilization of

resources. In 1982 an evaluation of BEDU's effectiveness as an institution capable of developing indigenous entrepreneurship was carried out. The evaluation recommended, among other things, that BEDU be revamped so that only those businesses which had the potential to become self-sufficient would continue to receive BEDU support. A further suggestion was that all businesses being sponsored by BEDU which had been shown to have no chance of succeeding should be terminated. Those businesses which had the potential to become self-sufficient would continue to be supported by BEDU with the proviso that the entrepreneurs be required to take part in an intensive business management training course. Finally, those enterprises which had been identified as viable and capable of continued existence outside the BEDU framework would be required to submit a project plan of their future development goals. Following this exercise, the enterprises which fell into this category would withdraw from BEDU and set up shop in the real world.

The reorganization of BEDU suggested by the evaluation was soundly and unequivocally rejected by the indigenous entrepreneurs who had grown used to BEDU sponsorship. When BEDU staff pressed for reform within the organization so that the original objectives of the program could be addressed, indigenous entrepreneurs enlisted political assistance to forestall the implementation of the recommendations of the evaluation. The result was impasse between organizational elements at BEDU that wanted to conduct a major overhaul of BEDU and the political elements that felt that BEDU support for indigenous entrepreneurs should continue until the entrepreneurs themselves felt they were ready

to leave the establishment. The stalemate which had taken effect at BEDU had effectively brought to a standstill BEDU's ability to promote the development of indigenous entrepreneurship in the small-scale manufacturing sector. Other results of the impasse between staff, clientele and political elements have meant that few new indigenous entrepreneurs have been accepted into the program, the training unit has become totally inoperative (the U.S. government no longer sends PCV's to train indigenous entrepreneurs and it has been suggested that business management training be handled by one of the other educational institutions in the country), and the Swedish government, the major funding agency for the BEDU project, is reconsidering whether to continue funding the project.

Institute of Development Management (IDM). The Institute of Development Management was established in 1974 "to help meet the training and research needs of mid-career and senior managers"²⁴ from government, parastatals and the private sector in Botswana, Lesotho and Swaziland. The Institute offers courses in finance and accounting, health services management, public administration and management, and education administration. Two important additions to its training efforts are a retail management course and a training course for consultants to organizations such as the Business Advisory Service, BEDU and the Brigade Development Center which will transmit skills to the people who are engaged in providing business management assistance to small-scale business owners. Both of these short courses will be offered for the first time in 1983.

At present IDM has a teaching staff of 12 Lecturers/Consultants, 6 Visiting Lecturers, and 10 Staff Development Fellows. In the first two categories a considerable number of the lecturers are expatriates who have been assigned to IDM through various international agencies such as USAID, CIDA, EEC, etc. Staff Development Fellows are citizens of Botswana who receive additional training and will eventually take over the important positions within the organization. There are at present very few problems in recruiting consultants to lecture and conduct training at IDM.

Teaching methods used at IDM include the range of teaching approaches used in the transmission of knowledge. In the business management training courses to be offered by IDM this year, the case study method is to be used extensively as a practical approach to the identification of problem situations within small businesses which enables trainees to develop skills in isolating and solving business management problems.

A number of businesses have already been studied using this approach. Case studies have been found to elicit a high level of participation from trainees and the active involvement of entrepreneurs and managers in initiating change and improvement in business situations.

Although IDM attempts to provide training which will be of benefit to the small-scale entrepreneurial community in Botswana, it has also been able to identify problem areas regarding the impact it is able to have on the small-scale entrepreneur. First, courses offered at IDM are generally designed for individuals who have reached middle

management positions in the civil service. This clientele differs considerably from that of the average small-scale entrepreneur who tends to have lower levels of educational attainment and lacks management background. Two, the entrance requirements for the training courses offered by IDM require participants to have completed secondary school education. This requirement automatically eliminates many indigenous entrepreneurs, the majority of whom have completed only seven years of schooling. Three, the IDM as yet offers no part-time courses and only a very few training courses in the evenings or at the weekend. For the indigenous entrepreneur, these would be the preferred times for attendance.

Business Advisory Service/Partnership for Productivity (BAS/PFP).

The two remaining organizations, Business Advisory Services (BAS) and Partnership for Productivity (PFP) cater to the training needs of small-scale manufacturers, retail traders, hawkers and vendors and maintain offices in several of Botswana's central towns and villages. In 1982 the two organizations were merged into a single unit which is based in the Ministry of Commerce and Industry, Gaborone. Combined, the two services offer advice and training in business establishment, management, administration, problem-solving and bookkeeping. These services are available to business people upon request and are most often rendered at the site of business.

Since BAS and PFP were merged in 1982, several important changes have taken place. First, a number of educational approaches are being tried in an effort to reach more of the small-scale business community

which lives outside the central places such as Gaborone. The first consists of the well-known method of individual instruction to entrepreneurs using the place of business and actual business records as the teaching materials. This approach has proved to be very expensive and requires considerable trained manpower to have even a minimal effect on the business community. The second approach, consists of seminars which are held in various population centers on a periodic basis throughout the country. These seminars attempt to bring together indigenous entrepreneurs and government officials from the pertinent Ministries, e.g. Commerce and Industry, Finance and Development Planning, etc. so that the rural entrepreneur can be brought up-to-date on events, legislation, regulations, policies, and schemes which affect their business interests. To date, these seminars have been only partially effective because entrepreneurs have proved reluctant to attend meetings which take them away from their businesses.

The third approach features the use of the radio as an instrument of mass communication. The use of radio has been chosen as one way in which lines of communication can be maintained with entrepreneurs situated far from population centers for the purposes of cost effectiveness but also, and more importantly, in light of the manpower problems which have serious implications for the effectiveness of this advisory unit. On the one hand, BAS lost the services of many PFP consultants when the latter was incorporated into government service in 1982. All but one of the consultants who had previously worked for PFP elected not to enter government service due to the low salaries and unattractive

conditions of service. Hence, the trained cadre of consultants previously employed by PFP before its incorporation into BAS were lost to the private sector where the salaries and conditions of service were better. On the other hand, BAS/PFP does not have any training capacity and is unable to recruit consultants who have not already been trained. Fortunately, the IDM has instituted the two training courses mentioned above which may help to alleviate this problem to some extent.

At present however, BAS/PFP continues to suffer from severe understaffing. Presently the cadre consists of eight full-time officers including the senior commercial officer who is responsible for the coordination of the BAS's activities and for supervision of field offices. Unlike in the past when PFP and BAS operated in the north and south of the country respectively, the entire southern portion of the country, the former PFP base of operations, is presently serviced by only one consultant located in Mochudi.

As Figure 7 shows, there is a great need for more consultants. The breakdown for the entire country and the staffing establishment presented in the 1979-85 Development Plan are compared in Figure 7.

Summary. In this section devoted to the learning opportunities available to the indigenous entrepreneur, the discussion has examined the training programs which presently exist for the entrepreneurial community in Botswana, the types and content of these programs, approaches which are being tried in establishing communication with indigenous entrepreneurs and some of the problems facing these institutions.

<u>Present Staffing²⁵</u>		<u>Proposed Staffing²⁶</u>	
Francistown	2	Gaborone/Tlokweng/ Ramotswa	3
Serowe/Mahalapye	4	Serowe	2
Mochudi	1	Francistown	2
Kanye	1	Mahalapye	2
		Selebi-Pikwe	2
		Kanye	1
		Mochudi	1
		Molepolole	1
		Thamaga	1
		Jwaneng	1
		Maun	1
		Ghanzi	1
		Kang	2
TOTAL	8	TOTAL	24

Figure 7. Present and Proposed Staffing of BAS/PFP

This examination has yielded information which points to the need for a number of changes and improvements in existing programs such as the development of a training program for BEDU entrepreneurs either at BEDU or some other local institution with training capacities. There also appears to be an urgent need to recruit and train additional business management consultants for employment within government in order to complete the personnel establishment of the BSA/PFP. Further, again for the entrepreneurs, there is evidence to suggest that the provision of part-time, short courses and weekend courses pitched at a very basic level would be of benefit to the indigenous entrepreneurial community.

This completes the examination of the locally-based training and learning opportunities available to the indigenous entrepreneur in Botswana. The section to follow will focus on what have been identified as barriers to promotion of indigenous entrepreneurship in Botswana.

Barriers to Promotion of Indigenous Entrepreneurship in the Commercial Sector

Research studies and reports over the last four years have shown that few if any of the institutions which cater to indigenous entrepreneurs have been able to make much of an impact on the large numbers of traders and small-scale manufacturers who make up the entrepreneurial community. Aside from entrepreneurs who have complained that instruction in business management given at the place of business is often interrupted by the demands of the shop floor,²⁷ there appear to be other major problem areas affecting the dissemination of services to indige-

nous entrepreneurs and the general promotion of the entrepreneurial concept in Botswana.

In the previous section, it was noted that at present there exist organizational and programmatic considerations which require further attention from decision-makers. These included the provision of learning opportunities for entrepreneurs, recruitment and training of consultants who would be based in the field to service entrepreneurs and the development of programs which are suitable to the learning needs and capabilities of the majority of indigenous business people.

The previous section also mentioned the problems of recruiting consultants as a major deterrent to the development and promotion of indigenous entrepreneurship in Botswana. Without the availability of persons trained to establish the lines of communication between the entrepreneurial community, government and learning institutions, entrepreneurial activity can be expected to limp along at its present rate. The recruitment of local consultants is both a socio-cultural and an organizational problem in the Botswana context. In one of the last evaluations conducted by PFP before its incorporation into BAS, it was pointed out that several environmental constraints such as the non-availability of trained and experienced manpower to implement training programs had been identified as a major stumbling block to improving small enterprise management and development. The report emphasizes the point that amongst extension agents recruited by the advisory organization, skills development is low and there is a general lack of work discipline. These constraints created a situation wherein extension

agents must be trained by the organization which must also take responsibility for devising methods of constant follow-up to ensure that clients, rather than their employees, are being serviced. The report points up a second environmental constraint and states that, "a supportive environment for commercial/industrial activity is lacking in Botswana" and that there is too much regulatory rather than promotional and training activity taking place.²⁸

At the government level, attempts have been made to assist the commercial sector principally through the Business Advisory Service and the availability of financial supports from BEDU and the National Development Bank. However, without the removal of other official impediments there is little hope that the situation of the indigenous entrepreneur will be substantially improved. In 1978 a report on employment and labor use in Botswana made reference to the need for change in government's approach to the commercial sector and cited the Ministry of Commerce and Industry (MCI) as one in which staffing was weak, there was little control over policy, and 80 percent of staff time was spent on licensing alone.²⁹ The report also noted that there was

. . . at present not much of a positive policy for commerce. The MCI's proposals for expanded 'traders' extension' if disentangled from restriction could be useful. However, what 'commerce and industry'--workers, employers, and frustrated would-be participants--most need from Government is a huge shift from restriction, control, and licensing towards promotion, training and competition.³⁰

In essence, the structure of licensing laws, regulations and restrictions have had a totally negative effect on the development of entrepreneurship in both commerce and industry in Botswana. And at pre-

sent, even though Botswana continues to be a country where the number of enterprises is itself scarce, the rules and regulations working against their establishment and existence continue to be excessive. Clearly stated reasons for why this situation persists are few. One possible reason might be the fact that much of the burdensome regulatory structure which exists is a colonial hangover which has not yet been wiped from the books. Another is the possibility that Botswana, with its deeply rooted tradition of involvement in cattle and agriculture, is not firmly committed to developing its commercial capabilities. Whatever the reasons for the very slow changes in the system, it is clear that indigenous Botswana desire change in the very near future.

If the government is willing to implement the findings of the most recent report to be produced on the state of economic opportunities in Botswana, the commercial and industrial sectors may find a healthier environment for their development and promotion. In 1981 a Presidential Commission was appointed to "assess the effectiveness of existing policies in promoting the growth of employment opportunities for citizens, and to review in particular--acquisition of business, entrepreneurial and technical skills by Botswana."³¹

The overall orientation of the Commission on the status of the entrepreneur in Botswana society is clear:

. . . there must be much greater emphasis on fostering enterprises by Botswana; small enterprise is the breeding ground for local entrepreneurship and there must be a much expanded and better coordinated small enterprise extension service with particular attention to problems of marketing and input supply. There should also be direct financial incentives combined with a relaxation of unnecessary regulations that

hamper citizen enterprises. Certain lines of enterprises should be reserved for citizens only, and this should be done with more and more sophisticated types of enterprise as soon as Batswana entrepreneurs are capable of meeting the country's needs.³²

The Commission had been insightful in pinpointing the origins, probable route and needs of indigenous Batswana entrepreneurs. It suggests that Batswana entrepreneurs already engaged in businesses such as butcheries, restaurants, bottlestores and the like are the most likely candidates to graduate to larger enterprises over time as they gain experience and confidence. Small-scale business people who gave evidence before the Commission, the report notes, emphasized their desire for education (training) and financial assistance from the government. And, in recognizing the problems encountered by indigenous business people, the Commission report reiterated government's responsibility to provide facilities to help overcome them in the form of expanded extension facilities, a body to coordinate these activities, including financial institutions, funds for consultancy services for the sector, and that provision be made for the training of staff to operate the extension services.³³

A third constraint relates to the prevailing attitudes of the indigenous entrepreneurs toward the development and promotion of indigenous entrepreneurship. Two examples from sociological research on indigenous entrepreneurship in Botswana will illustrate this point:

. . . business is often treated as 'women's work' or as a secondary household occupation, of considerably less importance than such male-oriented activities as cattle rearing. This confirms the impression of PFP field staff, that if a man was in charge of the shop, his primary activities

would still be cattle rearing and the male role in crop production. If a woman was in charge, her primary activities would be running a household, bringing up children, keeping a shop and often also the traditional female role in crop production. The result of the secondary status of business is that profits from this source are often diverted into investments in increased cattle holdings rather than into expansion or improvement of business. Growing cattle herds and stagnant businesses are the rule. Although it does frequently happen that cattle are sold, or the proceeds of a bumper crop used, to put up the business premises and even to purchase an initial stock also, the bias then onward is definitely towards farming. It is the cattle herd which is the dynamic growing element in the family economy, not the business enterprise.³⁴

One further example from the same report will establish the extent of attitudinal barriers to training and business management. Discussions with businessmen revealed that there was an

. . . absence of interest in ways of making future improvements in the business. The impact of efficient management upon the profitability of an enterprise was not understood. Few concrete plans had been laid out with a view of ensuring the survival let alone the expansion and development of the business in future. It is treated as a day to day endeavor whose future is viewed almost fatalistically, like the future of a herd of cattle or an arable crop, which may prosper or be wiped out in a seasonal drought.³⁵

Awareness and utilization of learning opportunities. In order to ascertain the extent to which business people of all ethnic groups, but particularly indigenous entrepreneurs, represented in the sample are aware of and utilize the services offered by the institutions mentioned above, information was gathered on organizations from which entrepreneurs had received business management training and technical assistance for their businesses.

In addition to BAS/PFP, BEDU and IDM, three additional institutions were included in this portion of the questionnaire in order to

ascertain whether entrepreneurs were aware of and utilizing them as well. These include the Rural Industrial Programme (RIO) which has officers based at rural centers and who are responsible for the formulation and implementation of rural industrial projects and the identification of local entrepreneurs as project managers; the Brigades, a nonformal training and production unit which specializes in the preparation of primary school leavers for trade credentials in a variety of crafts; Rural Industries Innovation Centre, which receives government support to develop, test, promote techniques and products which are suited to Botswana's needs. Although primarily technology-oriented, it is a source of business management advice and technical assistance.

From Table 10 it is clear that except in the case of BEDU and the Brigades, indigenous entrepreneurs are by and large unaware of the training, business management and technical assistance services and organizations which are available to them. These two organizations have been in existence for the longest period of time and have recieved considerable exposure through the mass media.

IDM, BAS and PFP were known by a smaller number of entrepreneurs, possibly because the amount of extension work they are able to handle is small and that, except in the case of IDM which does a considerable amount of publicizing of its courses in the daily newspaper, they come into contact with individual entrepreneurs who have taken instruction from their consultants or heard the radio broadcasts.

RIO and RIIC are the least well known. Both institutions were created in the last two years and have recieved only limited publicity

TABLE 10
Awareness of Training and Technical
Assistance Opportunities

Institutions	AWARE				UNAWARE			
	Batswana N	%	Non-Batswana N	%	Batswana N	%	Non-Batswana N	%
1. IDM	31	31.6	34	56.7	67	68.4	26	43.3
2. PFP	21	21.4	16	26.7	77	78.6	44	73.3
3. BAS	23	23.5	19	31.7	75	76.5	41	68.3
4. BEDU	40	40.8	34	56.7	58	59.2	26	43.3
5. RIO	9	9.2	19	31.7	89	90.8	41	68.3
6. Brigades	33	33.7	30	50.0	65	66.3	30	50.0
7. RIIC	6	6.1	14	23.3	92	93.9	46	76.7

in the mass media. Moreover, although the former is responsible in promoting indigenous entrepreneurship in the rural areas, the projects which it has successfully sponsored have not yet been held up to public scrutiny or acclaim.

Summary. This chapter has examined the effect of unequal regional development, socio-economic background factors and some of the problems related to the training and technical assistance services available to indigenous entrepreneurs. It has been suggested that unequal regional distribution of central places and the present distribution of general and small general dealerships has had a negative effect on the promotion of indigenous entrepreneurship. This situation has been aggravated by historical events which have resulted in the indigenous Batswana entrepreneur being more likely to have a business in rural, underdeveloped areas where services of all kinds are at a minimum, the per capita income is low and where there has been little reason to change traditional attitudes which appear to be in conflict with the promotion of entrepreneurship.

The importance of socio-economic background factors was a second group level factor which was examined in this chapter. In industrialized countries, such factors have been helpful in explaining differences in occupational aspirations and entrepreneurial achievement. In Botswana's case it has been shown that for the present sample, although an entrepreneur's previous work experience and educational background may have an influence on whether he/she undertakes entrepreneurial ac-

tivity, there are still an array of other factors which impinge on why an individual chooses to go into business activity. The findings indicated that few of the more highly educated Batswana chose business as an occupation. This is exacerbated by the high demand for educated manpower by the private sector and the government's regulations which prohibit civil servants from engaging in business activity. At present, Botswana's major sources of indigenous entrepreneurs comes from those with low educational attainment with few prospects for employment in the private or public sector.

The third portion of Chapter VI discussed the problems facing the organizations which cater to the training needs of the indigenous entrepreneur. It was shown that the several institutions which provide such services have generally had limited impact on the entrepreneurial community. Problems faced by these institutions include the recruitment and training of personnel to be based in field and institutional positions, programmatic modalities presently available to entrepreneurs interested in pursuing training experiences, the effectiveness of present methods of outreach in relation to lines of communication and cost and questions of organizational and administrative operation.

The fourth and final portion of the chapter discussed some of the present barriers to the promotion of indigenous entrepreneurship in the Botswana context. It was noted that the difficulties of recruiting, training and supervising consultants who serve as the disseminators of business management knowledge was one problem area. Another problem area consisted of the regulatory rather than promotional orientation

of the Ministry of Commerce and Industry. A third area which was identified as a barrier to the promotion of indigenous entrepreneurship consisted of the attitudes towards business which are generally held by Batswana themselves. Finally, it was suggested that given the results of findings on the level of awareness of indigenous entrepreneurs about the institutions which have been created to assist them in the acquisition of business management skills and which provide technical assistance, there was a very high incidence of indigenous Batswana being unaware of the existence of the services and personnel which are presently available.

End Notes

- ¹E. Wayne Nafzinger, op. cit., p. 98.
- ²U. Kaan, op. cit., p. 114.
- ³Rural Income Distribution Survey in Botswana 1974/75, Gaborone: Government Printer, 1976, p. 77.
- ⁴C. Colclough, "Some Lessons from Botswana's Experience with Manpower Planning in Botswana," Botswana Notes and Records, 8:132.
- ⁵U. Kaan, "The Relationship between Socio-Economic Background and School Achievement in Botswana," Working Paper Series No. 2, Institute of International Education, University of Stockholm, 1978, p. 34.
- ⁶D. C. Funnell, "The Role of Small Service Centers in Regional and Rural Development: With Special Reference to Eastern Africa," in A. Gilbert (Ed.), Development Planning and Spatial Structure, London: Wiley, 1976, p. 86.
- ⁷R. Silitshena, "Notes on the Origins of some Settlements in Kweneng District," Botswana Notes and Records, 8:97-102.
- ⁸D. C. Funnell, op. cit., p. 86.
- ⁹R. Silitshena, Trading and Settlement, op. cit., p. 11.
- ¹⁰National Development Plan 1979-85, op. cit., p. 65.
- ¹¹Joseph Schumpeter, Theory of Economic Development, op. cit., pp. 78-79.
- ¹²David C. McClelland, "The Achievement Motivation in Economic Growth," in Peter Kilby (Ed.), Entrepreneurship and Economic Development, op. cit., p. 114.
- ¹³E. Wayne Nafzinger, op. cit., p. 171; Barnard I. Balesco, The Entrepreneur as Cultural Hero: Preadaptations in Nigerian Economic Development, New York: Praeger Publishers, 1980, pp. 59-76, 166-188.
- ¹⁴Maurice Dobb, Capitalist Enterprise, op. cit., pp. 4, 26-41.
- ¹⁵National Manpower Development Planning 1982: A First Report, unpublished working paper. Gaborone: Employment Policy Unit, Ministry of Finance and Development Planning, 1982, p. 15a.
- ¹⁶Marris and Somerset, African Businessmen, op. cit., p. 60.

- ¹⁷Laws of Botswana. Vol. III, 26:01, subsections 18, 19, pp. 10-11.
- ¹⁸E. Wayne Nafzinger, op. cit., pp. 158-162; Marris and Somerset, op. cit., p. 213-214.
- ¹⁹Profit is here defined as the amount remaining after deducting operating costs and liabilities.
- ²⁰National Development Plan 1979-85, op. cit., p. 212.
- ²¹B. L. B. Mushonga, African Entrepreneurs, op. cit., pp. 126-127.
- ²²Learning Opportunities in Botswana, Gaborone: Ministry of Education, 1982, pp. 24, 42, 62, 71.
- ²³John Hunter, "Things Fall Apart: An Analysis of the Problems of Thirteen Small Botswana Firms," Occasional Paper No. 3, Gaborone: Institute of Development Management, 1978, p. 10.
- ²⁴1983 Prospectus. Institute of Development Management, Gaborone: Institute of Development Management, 1983.
- ²⁵There are plans afoot to hire two more consultants for the Kgatleng and Southern Districts.
- ²⁶National Development Plan 1979-85, op. cit., p. 212.
- ²⁷Interview with manufacturing sector entrepreneur, May 17, 1982.
- ²⁸Cheryl Lassen, "An Evaluation of the PFP Botswana Business Advisory Service," Gaborone: Partnership for Productivity Foundation/USA Ltd., 1979, pp. 5-6.
- ²⁹Michael Lipton, Employment and Labour Use in Botswana, Vol. I, Gaborone: Government Printer, 1978, p. 98.
- ³⁰*Ibid.*, p. 111.
- ³¹Report of the Presidential Commission on Economic Opportunities, Gaborone: Government Printer, 1982, p. 1.
- ³²*Ibid.*, p. 20.
- ³³*Ibid.*, pp. 55-57.
- ³⁴Sheila Leshwiti, "Entrepreneurship in the Southern District of Botswana: A Sociological Survey," Report prepared for the PFP Botswana, Gaborone: Economic Consultancies Pty, Ltd., 1979, pp. 18-19.
- ³⁵*Ibid.*, p. 21.

CHAPTER VII

INDIVIDUAL FACTORS

Introduction

It has been shown in earlier portions of the thesis that under colonial rule education, work and exposure to technical training were virtually absent. This absence of background, including commercial and managerial experience, has had a negative effect on the ability of the indigenous entrepreneur to undertake the primary functions of entrepreneurship, namely, the ability to perceive opportunities, to gain control over resources, and to successfully manage ongoing enterprises.¹

Therefore, although an individual may cast himself in the role of an entrepreneur who is willing to undertake entrepreneurial activities, it is impossible to do so if the necessary capacity to carry them out is lacking. These observations have particular relevance for Botswana, where indigenous entrepreneurs want to but are generally poorly prepared to effectively execute the demands placed upon them by entrepreneurial activity. Moreover, although constraints exist over which neither government nor individuals have any control, a major part of the responsibility to promote and encourage the development of entrepreneurship must come to rest on the entrepreneurs themselves. The findings of this study indicate that to a large extent, indigenous entrepreneurs in Botswana may be their own worst enemies.

Chapter VII is divided into three parts. The first examines the attitudes and aspirations of indigenous entrepreneurs; the second dis-

cusses certain trends which reflect current indigenous entrepreneurial practices, and the third, training in relation to the indigenous entrepreneur in Botswana.

Attitudes and Aspirations

In their investigation into the development of African enterprise development, Geiger and Armstrong said that,

Modern types of employment, the spread of education, the example of successful foreign and also African entrepreneurs, and the 'demonstration effect' of increasing knowledge of European and American living standards and personal aspirations have all contributed to the desire of Africans to own and operate modern economic enterprises. But, the effects of these influences are conditioned by the persistence of traditional attitudes and values.²

Geiger and Armstrong took the position that generally, African entrepreneurs do not have the conscientious commitment to business enterprise and the sense of its social importance so common to entrepreneurs in industrialized countries. It might also be argued that the social culture of a society may also have an influence on the development of trade and the importance attached to it by a particular cultural or social group. Geiger and Armstrong argued however, that few institutions and values of traditional or colonial African society prepared Africans in a positive way for successful performance as entrepreneurs.³ This view notwithstanding, increasing numbers of indigenous Batswana are going into business, and with time, training and experience, may develop the conscientious commitment Armstrong and Geiger cited as an indicator of strong entrepreneurial behavior.

In Mushonga's research on Batswana entrepreneurs,⁴ attention was devoted to the reasons indigenous Batswana went into business. His findings showed that 63.3 percent did so for personal economic independence, 8.9 percent because of dissatisfaction with their wages or salary, 6.3 percent to supplement income and 8.3 percent due to inheritance or chance. Findings from the present study (Table 11) are generally in agreement with the Mushonga study except in the category of job dissatisfaction, which was reported in twice as many cases as Mushonga had cited.

TABLE 11
Reasons for Going into Business

Given Reasons	Batswana		Non-Batswana	
	N	%	N	%
Earning a living, self-reliance	62	63.3	47	78.3
Job dissatisfaction	18	18.4	2	3.3
Supplement income or invest savings/profits	10	10.2	4	6.7
Inherited or by chance	8	8.2	7	11.7
TOTAL	98	100.0	60	100.0

Whatever their motivations for going into business, more indigenous Batswana are doing so because this appears to some to be a viable occupational alternative or a good way to deploy their capital. There is considerable difference, however, between the notion of going into

business and actually operating a successful business and it is at the point of operationalization that indigenous Batswana seem to fall behind their Asian and European competitors.

Going back to Geiger and Armstrong, there are, they say, basically two types of entrepreneur in Africa: the first is someone of higher than average educational achievement, who has engaged in modern forms of economic activity, but who, because he lacked opportunity for advancement, has turned to business. This type of entrepreneur is the sort on which financial assistance, business extension and other resources from government should be spent. The other type of entrepreneur is characterized as those who say they want to improve and expand, but will probably never do so. This group is likely to remain stagnant because their deficiencies of education and expertise limit their capacity to understand the requirements of modern forms of economic activity and to modify traditional attitudes and practices accordingly.⁵

Remarks such as these cannot easily be dismissed in light of the Leshwiti report on entrepreneurship in the Southern District as a representative sampling of indigenous entrepreneurs in Botswana. Leshwiti noted that among many business people, their businesses were seen as an occupation of lesser importance than their cattle or farms and that their fatalistic attitude towards business was reflected in their "absence of interest in ways of making improvements in the business."⁶

The communal spirit of traditional life has, according to Leshwiti, been carried into their entrepreneurial activity:

. . . there appears to have been a virtually complete transfer of attitudes from the traditional value system to the newly acquired modes of life from foreign cultures, including the entrepreneurial mode. It appears that rural Botswana lack aggressiveness and have only minimally abandoned the communal spirit in their business dealings.⁷

In the evaluation of the PFP, Dr. Larsen points out that for many indigenous Botswana their aspirations for their businesses are very limited and their attitudes and business management skills are out of kilter with the demands of entrepreneurship.

In Botswana, business is not the primary occupation of small entrepreneurs, nor is it perceived as the main way to achieve status and respect. Primary, high status occupations in Botswana are agriculture, cattle raising and civil service. One usually has an enterprise in addition--and secondary to--these other endeavours. Having a store is a way to diversify one's savings with limited amounts of risk and limited dynamics as well.⁸

An explanation of this attitude towards modern business practices comes from the Marris and Somerset study of entrepreneurship in Kenya. They say that the concern for land is a more overpowering urge for most Africans engaged in business in Kenya than is business activity.

Of all the interests which can distract a manager from the supervision of his business, farming is the most compelling. Land is more than another economic asset to exploit, it is final security and proof of success. For most non-labourers, politician, civil servant, businessman alike--land is still the goal towards which every endeavour leads at last.

In Botswana, attitudes towards cattle represent a similar urge for indigenous entrepreneurs. With time the attitudes towards the importance of cattle will change as has occurred in other societies which are in a state of transition from strictly traditional to more "modern" forms of economic activity. The fact remains, however, that for the present, some traditional social values do not discourage the

promotion of indigenous entrepreneurship but nor are they very conducive to its development and expansion.

Information was gathered during the study to present additional data on the attitudes indigenous entrepreneurs hold towards business as an occupation and whether it holds a secondary position in comparison to agriculture, cattle rearing and positions in the civil service. Findings show that only 8.9 percent of entrepreneurs reported that cattle and agriculture were their present occupations, while 3.16 percent reported the civil service as their occupation. However, while it can be accepted that of the nonindigenous Batswana there is little likelihood of other occupations being given primacy, it is possible that among the indigenous Batswana, how one reports his/her occupation has little to do with how his time is actually spent. For the sake of comparison, questions were also asked about the occupation of spouses. This question was asked because there appears to be a considerable number of wives and husbands who are solely responsible for operating the business while the owner/entrepreneur is engaged in other activities such as cattle rearing, agricultural production, or employment in the civil service or private sector. Unfortunately, the findings presented in Table 12 do not present any conclusive proof that there is a high incidence of wives and husbands working in the operation of businesses owned by their spouses and further research into this question is indicated. At present, it is only possible to say that based on figures gathered during the research, there is a very high incidence of indigenous spouses engaged in managerial and clerical positions which could

mean either in the family-owned business, in civil service, or in the private sector. On the other hand, the majority of nonindigenous spouses, who are better educated, are either unemployed or employed in managerial civil service or business positions as well.

TABLE 12
Spouses Occupation

Occupations	Batswana		Non-Batswana	
	N	%	N	%
Unemployed	17	17.3	25	41.7
Unskilled, farming cattle	8	8.2	0	0
Civil Service, Business or Professional/Managerial	54	55.1	28	46.7
Skilled Labor	2	2.0	0	0
Not Applicable	17	17.3	7	11.7
TOTAL	98	100.0	60	100.0

Successfully run businesses. Mention has already been made of the high degree of resentment felt by the indigenous Batswana entrepreneurial community concerning the preponderance of Asians and Europeans engaged in trade and small-scale manufacture in Botswana. Of late, this resentment has also been directed at the more successful and innovative indigenous Batswana, but these are still small in number. In some cases such resentment against nonindigenous entrepreneurs and their local accomplices may be justified, but on the whole, indigenous entrepreneurs

must look to themselves if they wish to influence the situation. The Report of the Presidential Commission emphasized this point:

Government must do what it can to promote the interests of its citizens, but it cannot do everything for them. Batswana must themselves grasp the opportunities created, invest their own resources and be prepared to take risks. The Commission found a widespread reluctance to take new risks, a wish to shelter under the Government's umbrella, and a belief that Batswana 'simply cannot do' certain things that are presently done mainly by expatriates or nonindigenous citizens.¹⁰

Table 13 shows the present state of attitudes on the question of who runs the most successful businesses. The findings show that generally, indigenous Batswana are not happy with the state of their own economic activities, and it is probably here that the resentment against more successful indigenous Batswana, Asians and Europeans and nonindigenous Africans begins. One-third of the indigenous group, or 36.7 percent, reported that they did not think their businesses were successful compared to only 5 percent of the nonindigenous group. The reasons the entrepreneurs gave for their business success are presented in Table 14.

Because the questions which referred to the success or lack thereof of entrepreneurs were unstructured, it is possible to present some of the comments made by the interviewees in the study. First, the indigenous Batswana:

Asians know how to manage their businesses and they only have time to look after their businesses and nothing else. That is, their life is dependent upon business only.

The Indians are better off because at the start they are financed by their relatives who are already prosperous businessmen. We Batswana have to start from the bottom and strive to compete with them. The result is that, with more money, they offer better service than us.

TABLE 13

Do Asians, Europeans and Non-Batswana Africans Run
Better Businesses than Indigenous Batswana?

Responses	Batswana		Non-Batswana	
	N	%	N	%
Yes	86	87.8	24	40.0
No	11	11.2	35	58.3
No Response	1	1.0	1	1.7
TOTAL	98	100.0	60	100.0

TABLE 14

Reasons Given by Entrepreneurs for Success
in Own Business

Reasons Given	Batswana		Non-Batswana	
	N	%	N	%
No Response	41	41.8	6	10
Hard work and attention to business	27	27.6	21	35
Good location, etc.	16	16.3	9	15
Capital	11	11.2	6	10
Training and experience	3	3.1	18	30
TOTAL	98	100.0	68	100

Finally,

The Asians and Europeans are better at running their businesses than we Batswana because they know how to manage their businesses, they get financial help from their original countries, their religious sects; because we have the bad habit of taking foods from our businesses without paying for it, because we start with too little capital and are often out of stock and because too many of the businessmen spend more time drinking than in putting all our energy into our businesses, our businesses suffer.

The comments made by Asian and European businessmen confirm many of the beliefs already held by indigienous Batswana.

A Portugese emigrant:

I have never had any business management training but my business is doing well. I learnt the skill of making shoes when I was a boy in Portugal. My parents moved to Mozambique and I moved to Botswana during the war. I am now in business with another man and we are producing shoes for sale in Botswana, Mozambique, and Zambia. I believe Europeans and Asians are more successful in business than Africans because business is part of our culture. These Africans know very little about how to manage their assets. We know how to manage our assets and besides, many of use have business management skills before we start our businesses.

An Asian trader:

Asians are generally more successful in business than Africans because our religion does not allow us to drink. Consequently, we spend out time looking after our families and our businesses. Our profits are not wasted on beer drinking. Also, we tend to go for the businesses which are going to make the most profit. Europeans tend to be successful because they are better at and know more about industries. Asians like myself prefer to sell clothes because we are allowed to make a profit of 45% on almost every item we sell. Africans like to open butcheries, bottle stores and grocery stores which do not bring them so much profit.

Summary. While some indigenous Batswana enter business because of occupational frustration in other positions, many do so in order to supplement their income, to diversify capital acquired through other economic activity or because they do not have the educational background to get jobs in the formal or public sector. Their attitudes towards business as a full-time occupation continue to be influenced by traditional values such as preoccupation with land and/or cattle or by fatalism which clouds their vision as to how businesses can be coaxed towards success. Perhaps because of their preoccupation with other matters, they tend to spend less time in building their businesses or entering into areas of business which are risky, innovative or unconventional.

Quantitative and qualitative data gathered support the hypothesis that indigenous entrepreneurs are not generally satisfied with the level of success of their businesses, especially in comparison to their nonindigenous competitors. The vast majority of indigenous Batswana feel that Asians, Europeans and nonindigenous Batswana run more successful businesses than they do because of their access to capital, better business management practices, and better locations for business. On the whole, indigenous entrepreneurs feel that nonindigenous entrepreneurs are better prepared for entrepreneurial activity than themselves but that with more and better inputs, they too could improve upon their rate of successful, profitable businesses. Nonindigenous entrepreneurs are of the opinion that indigenous entrepreneurs spend too little time building up their businesses, they they are not in control of their assets, and are less willing to devote themselves to improving their busi-

ness management practices.

Small-Scale Business in Botswana--Present
Trends in Five Areas

This section deals with some of the background factors which influence business activity, namely, ownership patterns, the involvement of family and relatives in business, proliferation of business activity, number of employees and sources of capital used to establish the business. Taken together, these factors contribute to a fuller picture of businesses operated in the small-scale formal sector in Botswana and provide information important to future investigation and planning for this sector.

Ownership of businesses. J. R. Harris noted elsewhere¹¹ that many African-run businesses are one-man operations or family businesses. Partnerships are rare, it is said, because the majority of African entrepreneurs are either unwilling or unable to share responsibilities and rewards of business endeavors or because family objections to the intrusion of outsiders in the family clan mediate against them.¹² On the other hand, it has been suggested that traditional cultural relationships have turned some business owners against involving their families in their businesses due to the demands arising from communal life which make entrepreneurs shy away from becoming involved with relatives who, in any event, are seldom able to provide capital, or expertise to the business.¹³

The findings of the present study indicate that indigenous entre-

preneurs in Botswana are by and large individual owners. Table 15 shows that 88 percent of African-run businesses are individually owned compared to 35 percent of those run by Asians, Europeans and non-Batswana Africans. In short, indigenous entrepreneurs are willing to use the manpower of children and relatives in the operation of their businesses but they keep the decision-making power concentrated in their own hands.

TABLE 15
Types of Ownership

Ownership	Batswana		Non-Batswana	
	N	%	N	%
Individual	86	87.8	21	35.0
Partnership	8	8.2	26	43.3
Family	3	3.1	3	5.0
Company	1	1.0	9	15.0
Other	0	0	1	1.7
TOTAL	98	100.0	60	100.0

Partnerships, that is businesses which function under the leadership of two or more owners, are in short supply among indigenous Batswana but represent almost 44 percent of those in the nonindigenous group. This information is of particular relevance to efforts presently being made by the Ministry of Commerce and Industry to promote commercial undertakings which seek indigenous Batswana to establish businesses in part-

nership with outside investors. The data in Table 15 would seem to indicate that considerable promotion of the idea and familiarization with the advantages and disadvantages associated with business partnerships will have to take place before indigenous entrepreneurs will be willing to engage in this type of business relationship. Also, until such time as more indigenous Batswana feel comfortable with the idea of delegating responsibility and authority to either outsiders, relatives, or employees whom they trust, businesses will continue to be individually owned businesses. Given the limited education and managerial experience of many indigenous entrepreneurs which sets rigid parameters on the capacity of entrepreneurs to efficiently control their economic activities, it should be expected that these inadequacies will also continue to limit growth potential of indigenous small-scale enterprises.

Family and relatives in the business. In Botswana, relationships with family and relatives are still very important. Immediate and extended family are called upon in time of need and are just as likely to seek assistance of all kinds should the need arise. Children and relatives are often used to run businesses for the actual owner and can generally be relied upon to look after the interests of the proprietor where the same cannot generally be said of an outsider who has his own family to protect and assist. In this context, indigenous entrepreneurs in Botswana probably do not differ from entrepreneurs in other developed or developing countries.

Present findings show that 30 percent of indigenous entrepreneurs intend or have already attempted to involve their children or relatives

in their businesses. At the same time however, the entrepreneur generally maintains control over all important decisions affecting the business and little responsibility is put into the hands of children or relatives for the reason that there may not be any children or relatives available and able to assist in the running of the business or because the entrepreneurs may fear that in their absence the business will suffer from slackness, pilfering, or inexperience. On this issue two indigenous entrepreneurs have given the following accounts of their experiences in involving relatives in their businesses:

Entrepreneur No. 1:

I tried to bring my brother into the business but it was a disappointment and I now prefer to employ people who are not my relatives. Employing my brother just brought a lot of bad feeling into our family because he would see the money coming in and would complain that I wasn't paying him enough. He had no understanding of the expenses that I have and that a good portion of the money came in and went out just as quickly. As a result, he resented me and would not do the work I had asked him to do.

Another thing is that, when you employ your relatives they take advantage of you. They come late to work, drink on the job or perform poorly and then think that you will accept their excuses because you are related. If you become hard on them then they complain to the other members of the family that you are mistreating them and the entire family becomes poisoned against you before you can sort out the problem. No, I am not interested in employing my relatives or in having them as partners in my business.

Entrepreneur No. 2:

I prefer to have a stranger come and work for me because I know that if he does not do what I ask, I can sack him and no questions asked. But if I hire a relative, he will work for me because he expects life to be easy and he will be paid. He will become proud and make enemies among the other workers because of his pride. He won't be reliable, he won't fear for his job and most of all, he won't respect my orders like an outsider would.

Proliferation of business activity. Another factor which affects business operations is the number of businesses an individual entrepreneur attempts to operate at a given time. In the present sample, it was found that almost half of the indigenous business people interviewed owned wholly or in part, some other business other than the one observed in the study. Many of those with more than one business remarked that being in business put them in a position to be able to identify other business possibilities which they could exploit. On the other hand, it would appear that the operation of more than one business has meant the creation of a new set of problems for the indigenous entrepreneur in relation to the successful management and prosperity of any one business activity. In other words, the diffusion of resources and attention brought on by increased business enterprises has meant that the entrepreneur is unable to concentrate on the development of any single business to its full extent and that opportunities for training and assistance are lost because the entrepreneur is too busy to take advantage of them.

TABLE 16
Number of Businesses Operated by Entrepreneurs

Number of Businesses	Botswana		Non-Botswana	
	N	%	N	%
No other business	52	53.1	37	61.7
One other	20	20.4	6	10.0
2-3 others	20	20.4	10	16.7
4-5 others	6	6.1	2	3.3
5 plus	0	0	5	8.3
TOTAL	98	100.0	60	100.0

Business interests cannot be managed in the same way that farms and cattleposts are--the type and extent of human resources necessary to the management of either are markedly different. Whereas the family lands or cattle post can reasonably be left in the hands of a spouse, relatives or herdboys with a series of periodic visits, a business requires that a different management style be adopted.

In Botswana, it would appear that "more" businesses is synonymous with profitable business. Unfortunately this is not the case, to which the harried entrepreneur with two or three businesses will testify. The reasons behind this can be seen by examining two aspects of present business management practice among most indigenous entrepreneurs in Botswana. The first is that most businesses are organized so that responsibility is concentrated in the entrepreneur's own hands with little delegation of responsibility to any trained and trusted relative or subordinate. The second is that indigenous entrepreneurs are often tempted to embark on a new business scheme without having concentrated their full efforts and resources on the development and expansion of a first business.

Observation of indigenous enterprises in Botswana indicates that businesses are organized so that the entrepreneur is always in full control of every aspect of the business operation. Employees are closely supervised, are delegated very little if any decision-making power, and are paid very low salaries. There is little evidence of trained and trusted subordinates to manage the businesses apart from the owners and their wives/husbands. Businesses organized in this way

are constricted to what the owner can keep under his/her eye. The owner is literally tied to the business for fear of losing control of stock, deliveries or cash. Under such conditions, it is virtually impossible for such a business to be developed to its full potential because the entrepreneur does not trust his employees, the entrepreneur does not want to train anyone who may cheat him or pirate his ideas and open their own business or employ anyone who may be more knowledgeable than he is about the operation of the business. Further, to get someone to manage the business means paying a decent wage, something which many indigenous entrepreneurs seem reluctant to do. Instead, a wife or relative is called in to run the business in the entrepreneur's stead. Mr. C. from Lobatse is a typical example:

I want to open a Chibuku depot in Jwaneng but at present I can't. Why? Because it would mean abandoning these businesses in Lobatse and set myself up anew in either Jwaneng or Gaborone. I have to be present in person to supervise my employees, otherwise I will go bankrupt because everyone of the employees would take his share and go. The Indians operate the business and involve the whole family. When one person goes to open a new business somewhere, the others remain to operate the old one and supervise the employees. With the coming of my wife, I hope to do likewise. She will remain here in Lobatse and manage here while I go to open new ventures.

Another point is that indigenous Batswana are too often tempted to embark on a new business enterprise without having first concentrated their full efforts and resources on the development and expansion of the first business. Many entrepreneurs, like Mr. C., have done reasonably well in the first business venture and have accumulated sufficient profits to satisfy themselves. However, rather than reinvest his

profits in the expansion of the first business, Mr. C. finds himself captivated by the idea of opening a second business in another town situated 200 kilometers from his present place of business. Such an undertaking is likely to tax his physical and capital resources to the limit.

An alternative to this scenario is the reinvestment of profits in the expansion of the existing business. This would call for a new management style which would differ considerably from that currently in practice in Botswana among both indigenous and nonindigenous entrepreneurs alike. The outcome of such an approach to the promotion of small-scale business activity would change the present orientation of business activity and be a positive step in the direction of meeting a national objective of developing local capacities in business among entrepreneurs and workers in this sector.

Both the mandate and the rudiments for business management training already exist in Botswana. The Business Advisory Service (BAS) provides basic training in business management to entrepreneurs. One of BAS's biggest complaints against entrepreneurs however, is that the entrepreneurs are hardly ever available to take advantage of the training they have requested or been offered, but have left a subordinate to take the training instead; a subordinate who in most cases has no decision-making power over the business concern. In short, the benefits of training are lost to the business enterprise and subordinates who have been exposed to better business management practices are unable to influence the course of business development or improvement and

may not have the trust of the management. The paucity of trained indigenous management personnel is therefore likely to persist and the proliferation of small businesses which make small profits as a result of mediocre or poor business management continues unabated.

Number of employees. The number of employees engaged at a particular business concern was earlier identified as a dependent variable from which it was expected the extent of business success could be discerned. This variable has not proved very reliable in predicting business success for a number of reasons. First, in many cases, entrepreneurs were either reluctant to report their profits or flatly refused to do so. Second, it was found that in a number of cases entrepreneurs engage children or relatives who are not paid but are given allowances or stock in exchange for their services.

Table 17 classifies entrepreneurs according to number of employees. It shows that at present most indigenous Batswana employ five or fewer people.

TABLE 17
Number of Employees

	Batswana		Non-Batswana	
	N	%	N	%
2-5 employees	68	69.4	17	28.3
6-10 employees	19	19.4	20	33.3
11 or more employees	11	11.2	23	38.3
TOTAL	90	100.0	68	100.0

Findings on education versus number of employees indicate that one quarter of the sample has had Standard 7 or less education and that this group employs from 2 - 5 people. Very few entrepreneurs with low educational levels employ more than five people in comparison to entrepreneurs who have higher levels of education. The less education an entrepreneur has, the less likely he is to employ more than five people.

TABLE 18
Education and Number of Employees

Education Level	Number of Employees							
	2-5		6-10		11+		Total	
	N	%	N	%	N	%	N	%
Std. 7	40	25.3	9	5.7	5	3.1	54	34.1
J. C.	21	13.3	12	7.6	12	7.6	45	28.5
0 Level +	24	15.2	18	11.4	17	10.8	59	37.4

Findings regarding a relationship between the number of employees and profit indicate that entrepreneurs who earn between P5001 and P15000 profit per annum employ the largest number of people. Of those who fall in the P1000-P5000 range, 61 percent employ only 2-5 people per business establishment. For those who fall in the P15000 and above range, it is more likely that larger numbers of people will be employed.

TABLE 19
Number of Employees and Profit ('000)*

Number of Employees	Profit					
	P 1-5		P 5-15		P 15+	
	N	%	N	%	N	%
2 - 5	27	21.2	31	24.4	5	3.9
6 - 10	11	8.6	21	16.5	4	3.1
11+	6	4.7	11	8.6	11	8.6
TOTAL	44	34.5	63	49.5	20	15.6

* 31 respondents either had not made a profit, did not know whether they had made a profit, or refused to respond.

The implications of these findings are that the majority of indigenous entrepreneurs employ between 2-5 employees and that there is a high percentage of entrepreneurs who have a Std. 7 or less level of formal education. Further, using the figures provided by respondents as a rough guide to a relationship between level of profit and the numbers of people employed to work in the retail and manufacturing sector, almost half make modest profits of from P1000-P15000 per annum.

Sources of capital. The acquisition of capital to start a business is a major concern of entrepreneurs everywhere. Indigenous entrepreneurs in Botswana have stated that the need for capital is one of the most important areas in which government can assist them in establishing their business activities. A commonly heard complaint during the data collection phase of the study was that non-Batswana are:

. . . better off than us in starting businesses because at the start they are financed by their relatives who are already prosperous businessmen. We Batswana have to start from the bottom and strive to compete with them. The result is that, with more money, they offer better service than us.

This theme was also reiterated during the period of public submissions made to the Presidential Commission on Economic Opportunity which concluded that "The need . . . to receive assistance from Government was very strongly expressed by nearly all small or rural entrepreneurs or would-be entrepreneurs who gave evidence."¹⁴ On the other hand, and not discounting the real need to provide financial services and schemes which are appropriate for the situation in Botswana,¹⁵ it would also seem that the entrepreneurs are rather too quick to expect to be granted loans without having first provided a clear plan of business development, a clear statement of anticipated inputs and outputs of the proposed business or the identification of potential markets. For these businesses which are already in operation and for which more capital is needed, it is not uncommon to find that poor management, semi-literacy, diversion of profits to other business activities, use of cash and inventory for personal purposes rather than the lack of capital are the real culprits in business stagnation.

Table 20 shows the distribution of sources of capital for the businesses surveyed in the present study. Not unexpectedly, it shows that government is the most highly used source of funds for indigenous entrepreneurs and the second most highly used source of funds for non-indigenous entrepreneurs as well. Interestingly, while cattle and farming figure as the second most highly used source of ready capital

for the nonindigenous entrepreneurial community contained in the study. In a series of good years when rainfall in Botswana has been plentiful, considerable income can be derived from these activities, and it would appear that many of Botswana's nonindigenous entrepreneurs have taken advantage of investment opportunities in arable farming and/or cattle rearing.

TABLE 20
Initial Sources of Capital

Source	Botswana		Non-Botswana	
	N	%	N	%
Government Loan	69	70.4	17	28.3
Cattle/Farming	18	18.4	20	33.3
Family	4	4.1	12	20.0
Savings	0	0.0	1	1.7
Bank Loan	7	7.1	10	16.7
Profits	0	0.0	0	0.0
TOTAL	98	100.0	60	100.0

Table 20 also shows that savings and profits from other business activities are the least used sources of initial capital. In the present context this may be explained by the fact that many indigenous Botswana have not been able to amass savings and that profits from business activity have been minimal. Patricia Molema, a shop owner

in Lobatse, illustrates this point:

My husband sold a sheep at P5.00. He then decided to use the money to start a small business. So we bought such items as sugar, tea and washing powders to set up the business. We sold them along the streets of Lobatse until we have quite a substantial amount of money to enable us to be vendors in the Lobatse market at the bus stop. Due to other activities, my husband decided he could no longer run the business and turned it over to me to run. I took over the running of the business and moved into these premises which we rent from a certain man.

My husband and I are partners in the business. He had some training with the PFP although his training was never carried to its completion due to his other commitments. (The husband is a religious Minister.) I have never had any business training but seem to manage alright. My business would be successful but for the above reasons and for the fact that we pay large sums of money in school fees for our children (3) at secondary schools. The money is from the business.

Summary. This section presented findings on several aspects of small-scale formal sector businesses run by indigenous entrepreneurs in Botswana. The findings indicated that individual ownership predominates all other ownership patterns. This trend is most probably a result of the need to keep business activity concentrated in the hands of the owner and a lack of familiarity with other possible ownership alternatives.

Although many indigenous entrepreneurs involve their spouses, children and relatives in the operation of their businesses, some entrepreneurs do not favor employing their relatives which they say opens the way to resentment between themselves and the employed, their families and other employees in the business. The study also showed that almost half of the indigenous entrepreneurs operated one or more businesses other than the one visited during the course of the survey.

This proliferation of business activity is though to have a negative effect on overall business success and profitability because entrepreneurs are forced to divide their attention among their businesses while seldom concentrating on any one business sufficiently to make it a confirmed success.

The study presented evidence that the majority of indigenous entrepreneurs employ from 2 to 5 employees and that almost half make a modest yearly profit of between P1000-P5000. Finally, the principal sources of capital among indigenous entrepreneurs to start small-scale formal sector businesses are government loans, profits from cattle and agriculture and commercial bank loans respectively. However, for many Batswana, businesses have been started with very modest capital and loans have been sought after the business has become somewhat established.

Business Management Training, Technical Assistance and Entrepreneurs in Botswana

Previous chapters have shown that access to training and technical assistance for small-scale formal sector entrepreneurs is developing slowly. Also, that regional inequalities, cultural attitudes, public knowledge of sources of assistance and business management know-how are some of the factors affecting indigenous entrepreneurial performance. In this section, we will review the findings of the study in relation to four areas: basic areas of knowledge and competency entrepreneurs have identified as vital to their activities; source and

type of training for those indigenous Batswana who have received it; attitudes towards the usefulness of the training; and entrepreneurs' training preferences.

Training. Few indigenous Batswana report having attended any business management training courses before having gone into business. Of the sample, only 16 (16.3%) attended training compared to a figure of 10 (16.7%) for nonindigenous Batswana. Even fewer reported having employed the services of the institutions included in Table 10 above. 4.1 percent of indigenous Batswana reported that their source of training was from the first four institutions named in the list. No non-indigenous entrepreneurs report having used the institutions named in Table 10.

Although most entrepreneurs have not participated in training or technical assistance schemes, most were clear about the basic knowledge areas they considered necessary for anyone engaged in business. Table 21 presents these areas. The Table shows that accounts, personnel management, purchasing and pricing stock and figuring wages were of major importance to them.

Technical assistance. Instances of technical assistance having been sought before going into business from the institutions cited in Table 10 are only slightly higher than that stated for business management training. 17.3 percent of indigenous Batswana and 5 percent of the non-indigenous entrepreneurs reported having sought technical assistance before going into business. Again, only indigenous Batswana availed

TABLE 21
Basic Knowledge Areas for Entrepreneurs

Question: Which of the following would you consider to be basic for someone in a business such as yours?

Knowledge Areas	No		Yes	
	N	%	N	%
Accounts/Bookkeeping	4	2.5	154	97.5
Personnel Management	14	8.9	144	91.1
Purchasing Stock	19	12.0	139	88.0
Wages	21	13.3	137	86.7
Pricing Stock	23	14.6	135	85.4
Banking (loans, statements, etc.)	27	17.1	131	82.9
Licensing	42	26.6	116	73.4
Taxation	45	28.5	113	71.5

themselves of the services of government-funded institutions. 14.3 per-cent of indigenous Batswana did so while no utilization whatsoever took place from the nonindigenous portion of the sample. These figures lead the writer to conclude that in general, small-scale entrepreneurs who are close to regional centers are unaware of institutions created to service their needs and therefore do not make an attempt to contact them. This being the case, it is virtually impossible for either business management training or technical assistance activities to have an impact on the indigenous entrepreneur. Nonindigenous entrepreneurs make less use of the same institutions than do indigenous Batswana. This group is either very confident of its ability to succeed in business based on previous experience, availability of capital and other inputs such as communication links with others in the business world, or it does not believe that institutions of this type can be of any help to them.

Entrepreneurs with training. Of the 15 indigenous Batswana who reported that they had had business management training, 9 (9.1%) received it from one of the local institutions listed in Table 22. None of the non-indigenous entrepreneurs received any training from local institutions. Of the 10 nonindigenous entrepreneurs who reported they had had some training, all had received it from sources outside Botswana, presumably before they came to Botswana.

When asked about the source of training, entrepreneurs provided information which helps to answer in part why so few seem to have utilized local sources. About two-thirds of those who took training in

business management had done so either through correspondence courses or from a source outside Botswana (see Table 22).

TABLE 22
Sources of Training

Source	Botswana		Non-Botswana	
	N	%	N	%
BEDU/BAS/PFP/IDM	3	3.0	0	0.0
Civil Service	4	4.0	0	0.0
Correspondence or other outside source	8	8.2	10	16.6
Not applicable	83	84.7	50	83.4
TOTAL	98	100.0	60	100.0

Entrepreneurs attitudes towards training and technical assistance. The study has previously pointed out that the attitudes of indigenous Botswana entrepreneurs are not conducive to the development and promotion of entrepreneurship. In order to ascertain whether these attitudes also affect entrepreneurs' willingness to engage in training programs or accept technical assistance, data was gathered on this subject.

The findings suggest that the entrepreneurs in the study are either ambivalent or unaware of the benefits of training or technical assistance. According to the data, training is seen to be of very little value in regard to the extent to which it can positively influence

business success (see Table 23). This is supported by the fact that for this portion of the study, a scant 15 percent of the entrepreneurs responded.

TABLE 23
Subjects Studied by Entrepreneurs with Training

Subjects	Batswana				Non-Batswana			
	Yes		No		Yes		No	
	N	%	N	%	N	%	N	%
Bookkeeping/Accounts	14	93.3	1	6.6	10	100.0	0	0.0
Costing	14	86.6	2	13.3	8	80.0	2	20.0
Cash Flow	14	86.6	2	13.3	7	70.0	3	30.0
Decision-making	12	80.0	3	20.0	10	100.0	0	0.0
Banking	12	80.0	3	20.0	7	70.0	3	30.0
Marketing	11	73.3	4	26.6	8	70.0	2	20.0
Personnel Management	10	66.6	5	33.3	7	70.0	3	30.0
Stock Management	10	66.6	5	33.3	8	80.0	2	20.0
Wages	10	66.6	5	33.3	7	70.0	3	30.0
Distribution	7	46.6	8	53.3	8	80.0	2	20.0
Other	6	40.0	9	60.0	0	0.0	10	100.0
Licensing	5	33.3	10	66.6	2	20.0	8	80.0
Taxation	4	26.6	11	73.3	7	70.0	3	30.0
Tendering	2	13.3	13	86.6	2	20.0	8	80.0

Those who did respond are the converted. Of the entrepreneurs who replied to the question of who benefits from business management training, 50 percent stated that those who are starting out in business

are more likely to benefit. This may be based on the fact that many of those who were included in the study had not had the benefit of training before starting out in business and that their present opinions are a matter of hindsight. 45.8 percent of the sub-sample reported that both old and new business owners benefit from training while 4.2 percent reported that there is no discernible benefit from training.

Responses from the same group of entrepreneurs show that 84 percent reported that training makes businesses more profitable, while 16 percent stated that it did not. Similarly, technical assistance was seen as a positive element in the process of making a profit. 92 percent felt that technical assistance did make a difference in the profitability of their businesses while only 8 percent reported that it did not. The positive responses reported here confirm Cheryl Larsen's observation that:

. . . where the owner successfully received training, results showed in the improved appearance of the store, improved display of stock; increased profit-ability, and increased reinvestment.¹⁶

When asked in which ways business management training or technical assistance had made their businesses more profitable, 68.4 percent said their ability to perform business management tasks was improved while 31.5 percent reported that their decision-making and problem-solving capabilities were improved.

Future Opportunities for Training and Technical Assistance

There was general consensus among entrepreneurs that they would like to take business management training or would take advantage of

technical assistance if it were available. 52.2 percent of the sample population would be willing to take advantage of such opportunities, 39.2 percent for indigenous Batswana, and 13.3 percent of nonindigenous entrepreneurs. The writer and the two research assistants were repeatedly asked if we would assist entrepreneurs in enrolling in programs of this type. There were a variety of reasons why individuals who were interested in services had not made any attempt to take advantage of them. Significantly, 45 percent of the indigenous Batswana reported that they would have done so if they had known such services were available, while 16.3 percent reported that they were already engaged in business studies by correspondence (see Table 24).

TABLE 24
Why Haven't You Taken Training/Technical
Assistance Before?

	Batswana		Non-Batswana	
	N	%	N	%
Would if course were available	44	44.9	11	18.3
Not applicable	37	37.8	34	56.7
Engaged in correspondence course	16	16.3	10	16.7
Experienced enough	1	1.0	2	3.3
Too old/too busy	0	0.0	3	5.0
TOTAL	98	100.0	60	100.0

For those entrepreneurs who were not willing to undertake any type of training and for whom there was little interest in technical assistance, Table 25 presents the following distribution.

TABLE 25
Reasons: Not Willing to Engage in Training or
Receive Technical Assistance

	Batswana		Non-Batswana	
	N	%	N	%
Not Applicable	64	65.3	29	48.3
Too old/Too busy	23	23.5	9	15.0
Do not understand English	5	5.1	0	0.0
Experienced enough	3	3.1	22	36.7
No money to pay for these services	3	3.1	0	0.0
TOTAL	98	100.0	60	100.0

Clearly, one area in which change will need to take place is in the attitude about being too old or too busy to learn new skills or to take advantage of technical assistance where it is available. Another is the belief that all instruction to which entrepreneurs might have access will inevitably be in the English language.

Finally, the findings of the study show that almost 50 percent of the entrepreneurs are interested in being provided with some type of business management training which relates to the type of business in which the entrepreneur is presently involved. Interest in general busi-

eral business management training was shown by 3.8 percent while 42.4 percent indicated an interest in training in specific business management specialities. Of the indigenous Batswana, 47 percent reported being interested in receiving business management training while 45 percent of the nonindigenous group indicated a desire for training opportunities in Botswana.

Summary. Few indigenous Batswana in the study had had either business management training or received any technical assistance of any type before starting their business activities. This was to be expected given the historical, cultural and socio-economic background of Batswana and the low level of indigenous involvement in the commercial and industrial sectors of the country. Indeed, it is gratifying that indigenous-owned businesses have managed as well as they have done given the considerable odds stacked against their success.

Government has made attempts to provide assistance to entrepreneurs in various forms and it is clear from the findings that the indigenous entrepreneur has often failed to utilize these facilities and in most cases is not even aware of them. There is obviously a breakdown in communication between government and the indigenous entrepreneur which requires rectification. The indigenous entrepreneurs must also take some responsibility for investigation and pursuing training and technical assistance opportunities for the general improvement of their businesses. However, until such time as business activity is seen by entrepreneurs as a viable, lucrative and fulltime alternative

to other avenues to status and income, the development and promotion of indigenous entrepreneurship is bound to remain another of Botswana's underdeveloped resources.

End Notes

¹ John Harris, "Nigerian Entrepreneurship in Industry," in Entrepreneurship and Economic Development, op. cit., pp. 331-332.

² Theodore Geiger and Winifred Armstrong, The Development of African Private Enterprise. Washington, D.C.: National Planning Association, 1964, p. 39.

³ Ibid., pp. 39-40.

⁴ B. L. B. Mushonga, African Entrepreneurs, op. cit., p. 56

⁵ Geiger and Armstrong, op. cit., pp. 44-45.

⁶ Sheila Leshwiti, Entrepreneurship, op. cit., p. 21.

⁷ Ibid., p. 25.

⁸ Cheryl Larsen, PFP Evaluation, op. cit., p. 5.

⁹ Marris and Somerset, op. cit., p. 116.

¹⁰ Presidential Commission, op. cit., pp. 18-19.

¹¹ J. R. Harris, op. cit., p. 352; E. Wayne Nafzinger, African Capitalism, op. cit., p. 158.

¹² Geiger and Armstrong, op. cit., p. 41.

¹³ Marris and Somerset, op. cit., pp. 142-140.

¹⁴ Presidential Commission, op. cit., p. 55.

¹⁵ Comment of one research assistant: "The main problems I came across are those of education and money. First, most of the business people I interviewed were semi-literates who badly need advice on business management. Second, most of them are farmers and as farmers their means of security is tied up and seems to be below the required capitalization. As a result, they can't get enough money together to run their businesses properly.

¹⁶ Cheryl Larsen, op. cit., p. 14.

CHAPTER VIII

CONCLUSIONS AND RECOMMENDATIONS

The starting points for this study as described in Chapter I were:

Why are there so few indigenous entrepreneurs in Botswana?

Why are they to be found in the relatively unimportant profit generating businesses?

Why have they not developed more rapidly since Independence?

To answer the first question, literature pertaining to the historical development of commercial activity in Botswana was examined. These sources revealed that before the coming of Europeans to the region, there had not been any organized trade of any scale among the Tswana-speaking tribes, and that once Bechuanaland became a Protectorate, administrative measures were taken to keep small-scale formal trade in the hands of Europeans and later, Asians. This action served to exclude and limit the numbers of indigenous Batswana who were able to engage in formal sector trading activity. At the end of the Second World War, the colonial administration was pressured by indigenous Batswana into granting trading licenses to Africans. From this point onward, indigenous Batswana began to open shops but their numbers remained small until some time after Independence. Since the beginning of the 1970's there has been an increase in the numbers of indigenous Batswana who have started businesses although the long-term viability and profitability of some of these businesses has yet to be firmly established.

A second area of inquiry was concerned with why indigenous entrepreneurs in the formal sector appeared to be concentrated in businesses which generated the smallest profits. Part of the answer to this question lies in the historical evolution of Botswana's formal trade sector. Following upon the Second World War through Botswana's Independence and into the present period, most of the economic opportunities for Botswana were in general dealerships, with a predominance of indigenous Botswana in the small general dealership category. These businesses consisted mainly of green grocers, restaurants and cafes, bottle stores and the like which dot the "African Malls," villages and lands areas of the country.

Businesses of these types were particularly attractive to Botswana because they could be started with small amounts of capital, they made few demands on the technical and business management capabilities of the owner, they were largely without risk and they could be operated in addition to other economic activities such as civil service jobs, agriculture or cattle rearing pursuits and because the profits that were derived from them could be used as a reliable source of ready cash. Therefore, although it can be said that indigenous entrepreneurs predominate in certain types of business activities, it happens that these areas are those which generate the least profit and employment creation and which contribute to Botswana's economic development in only a very minimal way.

The third question of the study asked why indigenous entrepreneurship in Botswana has not developed faster than has thus far been

the case. Research indicated that some of the factors contributing to this phenomenon include the transitional state of Tswana society and the continued adherence of many people to the traditional ways of life, regional inequalities, attitudes and lifestyles commonly attributed to pastoral peasant economies, low levels of educational attainment, lack of experience in business and its efficient management, and limited access to capital, resources and markets. The socio-economic relationship between Botswana and South Africa has also served to discourage the rapid development of indigenous entrepreneurship in that the Republic has for many years cultivated Botswana as both a ready source of cheap human labor while at the same time using the territory as a market for its inexpensive manufactured goods and services. For her part, Botswana was unable to match or compete with the economic and political might of her neighbor to the south. Furthermore, Botswana was slow in developing her own strong indigenous group of entrepreneurs. The slow and limited development indigenous entrepreneurship in Botswana has been exacerbated by central government's limited response to the challenge of assisting and promoting indigenous entrepreneurship as is evidenced by the absence of any government policy on the issue and her present emphasis on regulation and control rather than promotion and development of small-scale trade and manufacture among indigenous entrepreneurs.

Research Implications

During the course of the study, several areas for future research and for improved information management systems were identified. The first involves the paucity of base-line data about small-scale formal sector business activity. Philip Neck has noted elsewhere that the lack of data is often a major handicap in providing the means of analysis for research-based development policies and that without such information, governments are slow to establish and operationalize policies which affect entrepreneurs.¹ This situation is particularly evident in Botswana where District Councils are responsible for collecting base-line information about commercial activity in their areas. Presently only the most rudimentary data about business activity are gathered and forwarded to the Ministry of Commerce and Industry. Data collected at the District level presently includes the date of issue of licenses, name of the applicant, type of license held by business owner, date of renewal, the name of the business, its location and type of business operated on the site. Data of this kind is useful in counting the number and types of businesses in operation, where they are located and whether the trading license is valid but it is also inadequate for the purposes of policy formulation, analysis of trade and manufacturing trends or for improving upon the extension services made available to entrepreneurs.

A second area for future research pertains to the lack of information about indigenous versus nonindigenous trade activity. Both the Presidential Commission on Economic Opportunities and the present study

have indicated that indigenous entrepreneurs believe that they are operating under unfavorable conditions in comparison to their nonindigenous competitors. Considerable public and private attention has also been focused on the role of "fronting" in Botswana. However, in both cases, information which presents the facts about these two controversial aspects of formal sector business activity has as yet to be investigated. Periodic and timely research of this kind would also be helpful in providing information about the areas of trade or manufacturing which are predominated by indigenous or nonindigenous entrepreneurs with the view to encouraging more indigenous participation in specified areas where this type of action is appropriate. Research-based decision-making of this type should help to ease the tension felt by many indigenous entrepreneurs and open more business opportunities for those who are prepared to become involved in commercial activity.

A third research area pertains to the need for more information about present indigenous entrepreneurs' attitudes towards business as a fulltime occupation. Such a study would be helpful in identifying what type of person is more likely to succeed in small-scale formal trade or manufacturing activities and would provide government and lending institutions with firm criteria on which to base training, financial and technical assistance programs. So far, research of this kind has been conducted only among informal rural producers but nothing has yet emerged in relation to the formal sector business person. The advantages of amassing data of this kind are that it would provide data for decision-making and also assist in formulating schemes for finan-

cial, technical, management and other types of assistance.

Training for Indigenous Entrepreneurs

The research has noted in earlier sections that until recently few training facilities of any type have been available to entrepreneurs. The training which has been available has been particularly weak and largely ineffectual in providing basic instruction or upgrading of indigenous entrepreneurs. Specifically, training programs such as those provided by BEDU were poorly and inappropriately staffed and failed to meet entrepreneurs' expectations while extension services have been undersubsidized, understaffed, uncoordinated and unable to launch efforts which could be seen to have a major impact on the business activities of indigenous entrepreneurs.

In the context of the present study several questions have arisen which dictate the direction of the discussion of training provisions for indigenous entrepreneurs in Botswana. The first question is whether indigenous entrepreneurs should be provided with training, while other questions ponder what types of training would be most useful and what environmental and institutional situations need to be created to facilitate entrepreneurial development in Botswana.

Why train entrepreneurs? In the first instance, note has been made throughout the study that both government and the people of Botswana are eager to promote indigenous participation in the national economy and that to an increasing degree this has started to happen. Evidence has been produced to show that although growing numbers of

Batswana are engaged in business, they do so under a number of constraints, two of which are their basic inexperience about operating a business and the other, their insufficient knowledge about basic business management practices. The writer takes the position that although training cannot and should not be seen as a panacea which will rid entrepreneurs of all their problems, training can assist entrepreneurs who have the requisite qualities and characteristics to engage in more successful business activity with the resources they have at their command.

Not all the problems which face indigenous entrepreneurs will be resolved by training alone. Some of the problems which entrepreneurs face can be resolved by government policies and action, some can be resolved by entrepreneurs themselves, while others are outside the province of either government or entrepreneurs. In this regard the writer agrees with others who have argued that training is only part of the answer to the problems facing the promotion of indigenous entrepreneurship in Botswana. However, it is also argued that factors such as government support, improved entrepreneurial environment, improved institutional capacity to provide training to entrepreneurs in areas of their concern, changes in entrepreneurial attitudes, knowledge and practices towards business can, when taken together, go a long way towards promoting and fostering entrepreneurship in Botswana.

What then is the rationale for suggesting that providing training for entrepreneurs can have an impact on their ability to operate efficient and effective business concerns? There are several reasons to

support this belief. First, many entrepreneurs themselves believe that the efficiency and profitability of their businesses will be improved if they have business management training and/or technical assistance. This view was either implicit or explicit in reports and evaluations which have been produced in the recent past. In the 1979 evaluation of the PFP, note was made of the fact that training of entrepreneurs in Botswana's extension programs had had "a positive effect on the quality of . . . businesses" operated by indigenous entrepreneurs. The impact of training in fact,

was evident in improved appearance of the shop, better book-keeping and visible reinvestment of profits in a wider variety of goods and better physical plant. Customer service seemed better as well. One owner said he spent more time in his shop and paid more attention to the business as a result of PFP training.²

Second, another report takes that position that without training, developing a strong indigenous business sector will be difficult. This information came from the Presidential Commission Report which stated that training for indigenous entrepreneurs was the "key to developing a strong indigenous business sector." Third, the present study was able to conclude that, on the one hand, indigenous entrepreneurs who had had business management training believe that their training had had a positive effect on their businesses and on the other hand, that a considerable demand exists among the untrained entrepreneurs to take advantage of some sort of business management training course.

Constraints on providing training. Providing training for indigenous entrepreneurs is not without problems. One of these constraints is di-

rectly related to the lack of a national policy on indigenous entrepreneurship which is more than a pronouncement about financial assistance to the small enterprise sector. Like the recently released policy statement regarding government's support of the Brigades Movement, what is required is nothing less than a policy statement from government which makes clear government's commitment to action, which states a desired outcome for indigenous participation in commerce and industry and which ensures that adequate and established means of support will be made available on a regular basis. A strong political commitment and assurances of financial support for the promotion of indigenous entrepreneurship would provide the political will and financial support which this study suggests are necessary to promote local participation in Botswana's economic development into the next century.

Another constraint to providing training and assistance to entrepreneurs exists at the institutional level where at present, no single center in Botswana is responsible for catering to the various needs of entrepreneurs or public and private business interests. Instead, the present services available are meagre, underpublicized and largely uncoordinated. Agents in the field are mainly untrained, inexperienced in business and without concrete guides as to what is to be accomplished through their training and providing services to entrepreneurs. Certain institutions such as IDM, BIAS or the Polytechnic offer courses as a part of their regular programs, but none of these institutions has the mandate to assess the needs of entrepreneurs or others working in similar positions, to provide curriculum to suit entrepre-

neurs' training needs or to train or up-grade entrepreneurs. Problems of up-grading and training of entrepreneurs are exacerbated by the formal orientation of the existing institutions' entrance requirements (which are beyond the attainment of most entrepreneurs), residency requirements (which may conflict with the entrepreneurs' need to be close to their businesses), length of courses (which may last from a few days to several months or years), and formal instruction in English (which may not be the preferred language of instruction for many entrepreneurs).

Recommendations for training. First and foremost, research data such as that suggested above should be gathered and analyzed to ascertain the situation of indigenous entrepreneurs in Botswana, to ascertain their learning and training needs and to assess formal sector business trends. Based on this information areas in which entrepreneurs are most in need of assistance could be identified. Such an investigation would probably show that many of Botswana's entrepreneurs are in need of basic skills in literacy and numeracy, bookkeeping and accounting skills, basic business management and technical support while others are desirous of a very specialized type of training which related to more specific business needs. Other types of training which entrepreneurs have said they want have been cited in Chapter VII. Information of this kind could then be translated into training courses, modules or handbooks which can be passed on to entrepreneurs in any one of several training modalities including radio learning, by correspondence or distance education, self-instructional handbooks, or by part-time and full-

time study at one of the existing institutions.

Improvements in the present institutional capacity to provide training for entrepreneurs and others engaged in the commercial sector could also be brought about by enlarging the Ministry of Commerce and Industry's commercial section and giving it the mandate to provide training, manpower for the extension service and channel the financial support given to local indigenous entrepreneurs. A unit of this kind would function as an integral part of MCI and would be seen as an important component of Botswana's drive to develop local manpower, training and institutional capacities for her growing involvement in trade and commerce. As has become common in other developing countries like Nigeria, Kenya and India, such a unit could consist of several divisions each of which would be responsible for a particular set of activities:

- 1) Training Division: responsible for providing training of entrepreneurs, extension agents, managers and others in business. Also responsible for creating locally-based training materials ranging from nonformal to Certificate-level.
- 2) Financial Division: responsible for assisting entrepreneurs in funding, devising means to increase entrepreneurs' profit ability and acting as an interface between entrepreneurs and financiers.
- 3) Technological Division: responsible for disseminating informa-

- about products, processes, machinery and equipment vital to improved productivity, providing training for repair technicians and specialty workshops at reasonable costs.
- 4) Development Division: emphasis on pre-start-up and implementation of project proposals, providing managerial and technical services such as bookkeeping and emergency repairs to plant and machinery at a reasonable price.
 - 5) Research and Evaluation Division: responsible for identifying, conducting and analysing research and evaluation results which have implications for national policy development and training needs.

Entrepreneurial Self-Help

Throughout the study the writer has indicated that the indigenous entrepreneurs in Botswana must do much more for themselves if they wish to gain government support for promoting indigenous efforts at entrepreneurship. One way in which they can make themselves felt as a political and social force would be to group themselves into active groups in order to present their concerns to government and where necessary, bring pressure to bear on politicians and bureaucrats who are in positions of power. At present, indigenous entrepreneurs spend entirely too much time quietly waiting for government to act for them instead of them taking the initiative to instruct government as to what actions they require it to take. Second, entrepreneurs need to group together, perhaps in some sort of cooperative, in order to buy their supplies in bulk

so that they can buy at reasonable prices and sell at prices which are competitive. Thirdly, entrepreneurs must begin to see that many of their present attitudes and practices do not help promote business activity. Enlightened self-interest, the willingness to take a risk and the desire to see one's business prosper beyond uninspired "shop-keeping" must become the challenge for indigenous entrepreneurs in Botswana.

Conclusion

Given Botswana's present dependence on foreign entrepreneurs and her lack of experienced and trained entrepreneurs and managerial personnel, those entrepreneurs currently engaged in business might be likened to Botswana's other natural resources which yield rich benefits for the nation. By so doing, the potentiality of promoting and developing indigenous entrepreneurship can be seen as a way of increasing trade, employment, technological advancement in a largely untechnological society, of decreasing dependency on foreigners and increasing national self-esteem and the ability "to do" things which have not been attempted in the past.

Failing the materialization of a clear government policy on indigenous entrepreneurial development and training needs, the development of locally-based capacity to promote trade, commerce and industry and the absence of concerted efforts by indigenous entrepreneurs to take more of an active role in instructing government in the needs and re-

quirements of indigenous entrepreneurs, indigenous entrepreneurship in Botswana is likely to remain as it is at present, an underdeveloped but potentially beneficial natural resource.

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APPENDIX A

Entrepreneurship in Botswana: Questionnaire 1982

1. Sex: 1. Male _____ 1. Female _____
2. Age: 1. 21-30 _____ 2. 31-40 _____ 3. 41-50 _____
 4. 51-60 _____ 5. 61 or over _____
3. Village or town: 1. Gaborone _____ 4. Serowe _____
 2. Francistown _____ 5. Ramotswa _____
 3. Lobatse _____ 6. Ootse _____
4. Marital Status: 1. Single, never married _____ 3. Married _____
 2. Single, divorced _____ 4. Widow(er) _____
5. Wife/Husband's Occupation:

1. Unemployed _____	5. Business _____
2. Farmer _____	6. Professional, Managerial _____
3. Cattle _____	7. Other _____
4. Civil Servant _____	
6. Who was responsible for your up-bringing during your early years?

1. Father _____	3. Aunt or Uncle _____	5. Other _____
2. Mother _____	4. Father's eldest brother _____	
7. What was the occupation of the person responsible for your up-bringing?

1. Unemployed _____	4. Civil Servant _____
2. Farmer _____	5. Business or Professional _____
3. Cattle rearing _____	6. Other _____
8. How many years of schooling does (did) the person responsible for your up-bringing have?

1. None _____	3. J.C. _____	5. University _____
2. Std. 7 or less _____	4. 'O' Level _____	6. Technical or trade _____

9. How many years of schooling have you had?
- | | |
|------------------------|----------------------------|
| 1. None_____ | 4. 'O' Level_____ |
| 2. Std. 7 or Less_____ | 5. University_____ |
| 3. J.C._____ | 6. Technical or Trade_____ |
10. In which of the following places was the knowledge or skills needed to start your business obtained?
- | | |
|------------------|---------------------------------|
| 1. Botswana_____ | 2. Zimbabwe_____ |
| 2. R.S.A._____ | 3. Outside Southern Africa_____ |
11. Have you received any management or skills training from a Motswana, Asian, or European you have worked for in the past?
- | | | |
|-------------------|-------------|------------|
| Motswana employer | 1. Yes_____ | 2. No_____ |
| Asian employer | 1. Yes_____ | 2. No_____ |
| European employer | 1. Yes_____ | 2. No_____ |
12. Is the training you received from your previous employer and your present business activity related in any way?
- | | |
|-------------|------------|
| 1. Yes_____ | 2. No_____ |
|-------------|------------|
13. Which of the following types of business do you operate?
- | | |
|--|------------------------------------|
| 1. Bottle store_____ | 4. General Dealer_____ |
| 2. Garment or leather manufacture_____ | 5. Transport_____ |
| 3. Small general dealer_____ | 6. Restaurant, Cafe, Butchery_____ |
| | 7. Other_____ |
14. What was your occupation before starting this business?
- | | |
|-----------------------|------------------------------------|
| 1. Unemployed_____ | 4. Civil servant_____ |
| 2. Hawker_____ | 5. Farming or cattle_____ |
| 3. Self-employed_____ | 6. Managerial or professional_____ |

15. What would you say is your present occupation?

1. Farming/agriculture_____ 3. Civil servant_____
2. Cattle rearing_____ 4. Business_____
5. Other_____

16. Is the business a partnership or individually owned?

1. Individual_____ 2. Partnership_____ 3. Other_____

17. Who actually runs the business on a day-to-day basis?

1. Myself_____ 4. My wife/husband_____
2. My children under 16_____ 5. Relatives_____
3. My children over 16_____ 6. Employees_____

18. What were your reasons for going into business?

1. Earning a living_____ 6. Dissatisfaction with previous jobs_____
2. Helping others_____ 7. Supplement income from farming cattle_____
3. Independence or self-reliance_____ 8. Asked to do it by wife/husband or parent_____
4. Prestige or respect from others_____ 9. Somewhere to invest profits from other ventures_____
5. Lack of credentials to get ahead in government service_____

19. How many years has your business been operating? (Open-ended question. Take down verbal answer of respondent.)

20. Do you manage or help any other businesses?

1. Yes_____ 2. No_____

21. If Yes, how many?
 1. 1 _____ 2. 2-3 _____ 3. 4-5 _____ 4. more than 5 _____
22. Do you keep books of account?
 1. Yes _____ 2. No _____
23. What was your recorded profit for the last financial year?
 1. 1,000-5,000 Pula _____ 3. 10,000-15,000 Pula _____
 2. 5,000-10,000 Pula _____ 4. Over 15,000 Pula _____
 5. Other responses _____
24. What was your recorded loss for the last financial year?
 1. 1,000-5,000 Pula _____ 3. 10,000-15,000 Pula _____
 2. 5,000-10,000 Pula _____ 4. Over 15,000 Pula _____
 5. Other responses _____
25. What have been the sources of capital for your business?
 1. Government loan, BEDU, BDC, etc. _____ 4. Family _____
 2. Bank loan _____ 5. Friends _____
 3. Profits from other sources such as agriculture or cattle _____ 6. Savings _____
26. How many employees do you employ? (Open-ended: take down verbal response.)

27. Did you receive any business management training before you started your business?
 1. Yes _____ 2. No _____

28. If yes, please identify the source of training:
1. Botswana Enterprises Development Unit (BEDU). _____
 2. Business Advisory Service (BAS). _____
 3. Partnership for Productivity (PFP). _____
 4. Institute for Development Management (IDM). _____
 5. Rural Industrial Office (RIO). _____
 6. Other _____
29. Did you receive any technical advice before starting your business? (i.e., choice of site, selection of stock, pricing, capitalization, etc.).
1. No _____
 2. Yes _____
30. If yes, please identify the source of technical assistance or advice.
1. Botswana Enterprises Development Unit _____
 2. Business Advisory Service _____
 3. Partnership for Productivity _____
 4. Institute for Development Management _____
 5. Rural Industrial Office _____
 6. Other _____
31. Are you preparing any of your children or relatives to take over the business?
1. No _____
 2. Yes _____
32. Are you aware of the business management training and technical assistance offered by the following organizations? 1=No 2=Yes
- | | | |
|--|-------|-------|
| 1. Institute for Development Management | _____ | _____ |
| 2. Partnership for Productivity | _____ | _____ |
| 3. Business Advisory Service | _____ | _____ |
| 4. Botswana Enterprises Development Unit | _____ | _____ |
| 5. Rural Industrial Office | _____ | _____ |
| 6. Brigades | _____ | _____ |
| 7. Rural Industries Innovation Centre | _____ | _____ |

33. Which of the following would you consider basic for someone in a business such as yours?

	1=No	2=Yes
1. Accounts of bookkeeping	_____	_____
2. Purchasing stock	_____	_____
3. Banking (loans, interest, statements, fixed deposits, etc.)	_____	_____
4. Pricing stock	_____	_____
5. Taxation	_____	_____
6. Wages	_____	_____
7. Licensing	_____	_____
8. Personnel Management	_____	_____
9. Other	_____	_____

34. Do you believe that Asian and/or European businesses tend to be more successful than those run by African businessmen and women?

1. No _____ 2. Yes _____

35. Do you think your business has been successful?

1. No _____ 2. Yes _____

36. If not, what reasons would you give for its lack of success?

37. If yes, what reasons would you give for its success?

QUESTIONS TO BE ANSWERED BY THOSE WHO HAVE HAD SOME TYPE OF BUSINESS MANAGEMENT TRAINING

38. Were you approached or did you seek training? (i.e., BAS, PFP, etc.)
1. I was approached and agreed to undergo training. _____
 2. I looked for someone to give me training. _____
 3. Other _____
39. Please indicate the source of your business management training.
- | | |
|---------------|---|
| 1. BEDU _____ | 5. Civil service _____ |
| 2. BAS _____ | 6. Independent or correspondent study _____ |
| 3. IDM _____ | 7. Other _____ |
| 4. PFP _____ | |
40. Did you have difficulty keeping to the training schedule or other aspects of the training course?
1. No _____
 2. Yes _____
41. In your opinion, who benefits most from business management training?
1. Business people who are just starting out in business. _____
 2. People already established in business. _____
 3. No benefit from training. _____
42. Do you believe business management training can help make your business more profitable?
1. No _____
 2. Yes _____
43. Which of the following subjects were included in your training?
- | <u>SUBJECT</u> | <u>1=No</u> | <u>2=Yes</u> |
|----------------------------|-------------|--------------|
| 1. Bookkeeping or accounts | _____ | _____ |
| 2. Costing | _____ | _____ |
| 3. Marketing | _____ | _____ |

<u>SUBJECT</u>	<u>1=No</u>	<u>2=Yes</u>
4. Distribution	_____	_____
5. Tendering	_____	_____
6. Banking (loans, statements, writing cheques, etc.)	_____	_____
7. Personnel Management	_____	_____
8. Taxation	_____	_____
9. Licensing	_____	_____
10. Wages	_____	_____
11. Stock Management	_____	_____
12. Cash Flow	_____	_____
13. Decision-Making	_____	_____
14. Other	_____	_____

44. Did your training and/or technical assistance enable you to make your business more profitable? If yes, in which ways?

45. Did training enable you to make better decisions as to the day-to-day operation of your business?

QUESTIONS RELATED TO TRAINING AND TECHNICAL ASSISTANCE

46. If training or technical assistance was offered, would you take it?
- | | | |
|--------------------|--------------|-------------|
| 1. If free? | 1. Yes _____ | 2. No _____ |
| 2. At cost to you? | 1. Yes _____ | 2. No _____ |

47. If yes, why haven't you taken training thus far?

48. If no, why wouldn't you take training?

49. In what areas would you like this training to be? Specify.

APPENDIX B

BOTSWANA ISIC

(International Standard Industrial Classification)

Below is the brief ISIC adaption giving the sector-specifications followed at present in Botswana's statistical registers:

Major Division 1: Agriculture etc.

- 100 Traditional farming
- 101 Farming - freehold
- 102 Forestry
- 103 Fishing
- 104 Hunting

Major Division 2: Mining and Quarrying

- 201 Diamonds
- 202 Copper/Nickel
- 203 Maganese
- 204 Coil
- 205 Quarry and other Mining

Major Division 3: Manufacturing

- 301 Meat and meat products
- 302 Dairy and other agro-based products
- 303 Beverages
- 304 Bakery products
- 305 Textiles
- 306 Tanning and leather products
- 307 Chemicals and rubber products
- 308 Wood and wooden products
- 309 Paper and paper products
- 310 Metal products
- 311 Other manufactured products

Major Division 4: Water and Electricity

- 401 Water supply
- 402 Electricity generation and supply

Major Division 5: Construction

- 501 Construction of houses and buildings
- 502 Construction of roads
- 503 Electrical construction
- 504 Construction of dams and building of pipelines
- 505 Other construction and building work

Major Division 6: Wholesale and Retail Trade, Hotels and Restaurants, etc.

- 601 Wholesale trade
- 602 General retailers
- 620 Small retailers (B)
- 603 Hotels
- 604 Restaurants, cafes and butcheries
- 640 Small restaurants, cafes butcheries (B)
- 605 Petrol stations
- 606 Motor vehicle dealers
- 607 Hawkers (B)
- 608 Cattle dealers and speculators
- 609 Bottle stores and bars

Major Division 7: Transport, Storage and Communication

- 701 Road transport
- 702 Railway transport
- 703 Air transport
- 704 Communications
- 705 Services allied to support
- 706 Other
- 710 Taxis

Major Division 8: Financing,
Insurance, Real Estate and
Business Services

- 801 Financial institutions
- 802 Insurance
- 803 Real estate
- 804 Business services
- 805 Prospecting
- 806 Ownership of dwellings (1)

Major Division 9: Community,
Social, Household and Personal
Services (Profit-making Organ-
izations)

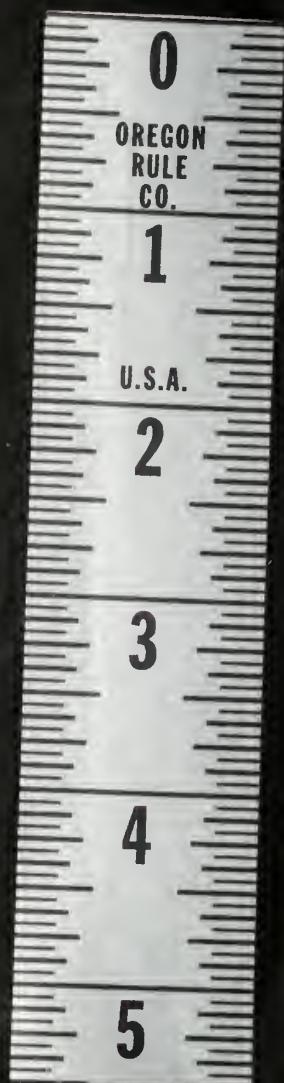
- 901 Recreational services
- 902 Repair services
- 903 Business, professional
and labour organizations

APPENDIX C

Characteristics of Hawkers Operating in Remote Areas

1. Many are ex-migrant labourers from the South African mines who take to hawking because it is least demanding in capital. Most invest no more than P1,000, most of which goes into buying a second-hand car. Transport costs or lack of transportation means goods are ordered from Gaborone or at higher prices from general dealers in the village.
2. Almost all are full-time farmers and see trade as a means of supplementing their incomes. Trading is done whenever work at the fields permits.
3. The stock carried by these traders consists of foodstuffs, the profit margin of which is low.
4. The majority have lower formal education standards than the general dealer in the village. They cannot take advantage of management instruction due to poor education and distance from service centres.
5. The majority do not keep books of accounts or know whether they are making a profit or not.
6. Pricing is merely "guessed" at or they charge the same price as the village shops.
7. High transport costs eat into already low profits. To avoid the incurrence of this expense, they tend to sell from their store-rooms, these being manned by their children or hired shopkeepers.
8. Low profits and/or bankruptcy are attributed to pilferage by relatives and employees rather than to poor business management practices.

Extracted from R. Silitsheba, Trading and Settlement, p. 15-16.



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